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Do not attempt to unlock either cover unless opposite cover is locked, as posts should always be held in one of the covers.

**TO LOCK BOOK PERMANENTLY**—This is only to be done when all the sheets are written up and placed in the binder, for once permanently locked, it is impossible to unlock or open it.

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RETIREMENT BOARD MEETING  
May 18, 1968

The meeting was called to order by the Chairman, Mr. Whitney, at 9:00 a.m.. In attendance were members Mr. Gleason, Mr. Hayes and Mr. Mitchell. Also attending were Mr. Young, Mr. McKinny and Mr. Don Brown of Moody's Investment Service.

The minutes of the March board meeting, having been in the hands of the members prior to the meeting, were approved on a motion by Mr. Hayes and a second by Mr. Mitchell.

The Secretary reviewed the work progress report and the financial report. Mr. Brown then reviewed the financial markets of today, reviewed our portfolio and made suggestions for future investment. Mr. Brown's report was well received and ordered placed on record along with the other reports on a motion by Mr. Hayes and a second by Mr. Gleason.

The following monthly payrolls in the approximate amounts were approved on a motion by Mr. Gleason and a second by Mr. Mitchell subject to additions approved later on in the agenda.

Retirement	approximately	\$240,000.00
Office	"	3,635.00

The Board next turned to the problem of office quarters and the Secretary reported the Penta Corporation would erect a building which we could lease in the area of the Holiday Motel. He also reported the appraisal of four vacant lots on the northeast corner of 6th and Sanders. The M.A.I. appraisal was at \$29,300 and Judge Adair would sell the lots for \$25,000. After a thorough discussion, Mr. Hayes moved that the System acquire the lots from Judge Adair at a cost not to exceed \$25,000. Mr. Mitchell seconded the motion which was unanimously approved. Mr. Mitchell then moved that the Secretary be instructed to hire a reputable architect firm to draw up plans for an office building not to exceed \$75,000 excluding the architect's fees. Mr. Hayes seconded the motion which was unanimously approved.

The Board then turned to the new business at hand and tabled the renewal of the lease on the present quarters as the new lease had not been presented by Mr. Lundborg.

The Board then considered securing an independent audit of the System as we have not been audited since 1966 and will not be audited again until 1969 at the earliest. The Board felt that the legislative auditor could audit us if he wanted to do so and the cost of an independent audit would exceed our budget. Thus, they postponed action at the present time.

The Board next considered the Secretary's request to seek the proper authority to destroy remittance sheets from the school districts up to



July 1, 1958. Mr. Hayes moved that permission be granted. Mr. Mitchell seconded and the motion carried.

Following a discussion on the possibility of buying a conventional loan from the Union Bank of approximately \$115,000 on an apartment house in Helena, Mr. Gleason moved that no action be taken as information on the borrower, the income or the cost figures on the apartment house were lacking. Mr. Mitchell seconded the motion which was approved.

The Board next considered the Secretary's request to attend the Stanford University Seminar on investments in August of 1968 and permission was granted on a motion by Mr. Mitchell and seconded by Mr. Hayes.

The Board also gave the Secretary permission to attend the NEA Convention in Dallas as a member of the Executive Committee of the National Council on Teacher Retirement on a motion by Mr. Hayes and a second by Mr. Mitchell.

The budget for 1968-69 as adopted by the 1967 legislature for salaries and benefits of \$48,900 and operation of \$28,700 was unanimously approved on a motion by Mr. Hayes and a second by Mr. Gleason.

The following salary adjustments, as proposed by the Secretary, were approved on a motion by Mr. Mitchell and a second by Mr. Hayes:

J. Hugh McKinny	\$11,500.00
Thomas E. Schneider	9,200.00
Dorris Morris	5,640.00
Elsie R. Wilcox	5,340.00
Elizabeth Steen	5,100.00
Sarah Vaessen	4,380.00
Margaret Ramberg	4,200.00

The following applications for disability were approved on a motion by Mr. Gleason and a second by Mr. Mitchell:

	<u>age</u>	<u>CS</u>	<u>average salary</u>	<u>benefit</u>
1. Florence Lindenmeyer (ambulatory)	56	36	\$5,943.33	\$229.24
2. Evelyn Colarchik (hearing loss)	59	29	8,233.33	257.78

The following applications for survivor's benefits were approved on a motion by Mr. Mitchell and a second by Mr. Hayes:

1. Ora S. Parker	Survivor of Hazel Parker, MSU
age 55	MS - 10½ yrs. Age 60
benefit: <u>\$118.58</u>	Average salary \$11,150.00
	ASF 4,330.64
2. Alice A. King	Survivor of William King, Vested Rights
age 62	MS - 13 yrs. age 58
benefit: \$71.74	Average salary \$6,000.00
	ASF 4,448.74



The following applications for retirement benefits were approved on a motion by Mr. Hayes and a second by Mr. Mitchell:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt.</u>
1. Anderson, Azell	Valley	60	5	11	\$4,579.33	70.19	1
2. Danielson, Marie S.	VR, Ystone	61	7 2/9	23 2/9	6,558.33	171.90	2
3. Barrett, Lenore M.	Musselshell	65	4	11	4,375.00	65.56	1
4. Blain, Edith M.	Cascade	70	5 2/3	13	5,000.00	92.38	2
5. Braniff, B. George	Blaine	60	1 1/2	30 1/3	7,766.67	194.42	4
6. Brown, W. M.	Montana Tech	65	8 2/3	31	17,625.33	445.58	5
7. Burger, Ellen	Missoula	62	3	18 1/2	8,016.67	152.05	1
8. Capps, Hazel	Flathead	62	3	27 1/2	8,661.33	220.51	1
9. Crist, Alice M.	Valley	62	2	17 2/3	6,943.67	115.87	1
10. Edquest, Ebba V.	Deer Lodge	63	9 1/2	20 1/3	6,918.81	197.90	1
11. Ferguson, Mary O.	Deer Lodge	62	11	5	5,822.15	102.69	1
12. Fischer, Muriel	Ystone	64	6 2/3	41	9,433.33	332.53	1
13. Franks, Augusta H.	Gallatin	63	14	31	7,415.00	290.91	2
14. Funk, Helen R.	Valley	65	4	28	7,714.00	214.80	1
15. Hagen, Ruby	Ystone	63	7	28	7,938.33	251.58	1
16. Gore, May S.	Judith Basin	64	10	25 1/3	5,150.00	174.86	1
17. Hannifin, Cecile	Silver Bow	70		16	5,716.67	84.36	1
18. Hanson, Hazel M.	Jefferson	65		14	6,251.00	75.07	1
19. Hunter, Bertha	Carbon	70	3	25	3,800.00	98.76	1
20. Jacobson, Lorraine	Cascade	60		20	7,800.00	121.91	1
21. Jardee, Alice	Deer Lodge	62		29	7,775.00	189.30	1
22. Jester, Stella A.	Big Horn	65	3	31	7,128.33	208.43	1
23. Jorgenson, Jewell	L & Clk	70	5	18	8,558.33	189.00	1
24. Keckonen, Anna M.	Missoula	62		29 1/2	8,013.33	181.49	2
25. Kelly, Muriel	Deer Lodge	67	15	26	6,883.33	258.23	1
26. Lampton, Ruth H.	Lincoln	65	12	19 1/2	5,379.67	173.38	1
27. Maas, Ella	Ravalli	68		34	4,883.33	141.41	1
28. Magill, Josephine	Valley	62		13	8,457.75	94.51	1
29. Maryott, Gail L.	Ystone	61	1	30 1/2	8,730.00	211.41	1
30. Naes, Esther M.	Carter	69		14	4,458.33	31.90	3
31. Olson, Ethel M.	Missoula	65		34	5,416.67	150.32	1
32. Pickens, Nellie H.	Ystone	62	5	23	7,700.00	194.37	1
33. Pierce, Margaret B.	Dawson	64	1 2/9	24	6,693.33	136.68	1
34. Powell, Nina B.	Valley	60	1 1/2	11	5,656.67	59.58	1
35. Rosscup, Mabel M.	Valley	65	2	21	7,740.83	150.05	1
36. Sanderson, Robert T.	Phillips	65	6	28	7,860.00	227.75	2
37. Schilling, Eugene W.	MSU	70	11 5/9	29	13,866.67	388.39	4
38. Van Duser, Cyrile C.	U of M	64	10	31	6,201.67	226.78	1
39. Van Duser, Grace	Missoula	62	1-	31	9,018.33	321.45	1
40. Wilhelm, Elvera C.	Ystone	62	11	22	7,733.33	246.43	1
41. Buchanan, Frances M.	Msla	60		23	7,153.33	128.70	2
42. Derr, Grace W.	Lake	60	8 1/3	5	min. ben.	38.09	1
43. Marks, Myrtle D.	VR, St. Dept.	62	9	6	4,033.33	64.20	1
44. Rasmussen, Myrtice	Ystone	66	4	26	7,733.33	207.58	1
45. Rathman, Catherine	Cascade, VR	60		6 2/3	6,583.33	20.28	3
46. Snell, Alice E.	Msla	61		6 2/3	6,583.33	20.28	3
47. Davis, Hattie B.	Uncl	68		10 1/2	3,975.00	35.81	2
48. E. Ford Slaght	VR, Roosevelt	62	9	19	5,000.00	145.71	1
49. Brandt, Frances A.	VR, Flathead	60	7	8	4,565.00	72.07	1



50.	Jelinek, George	VR, Wheatland	60		20	5,666.67	107.13	1
51.	Cooper, A. L.	Lake	61	6	31	12,766.67	373.05	1
52.	Steen, Julian S.	Gallatin	60	8 $\frac{1}{3}$	18	4,978.00	133.66	1
53.	Beadle, Ina M.	Carbon	64	7 $\frac{1}{2}$	19 $\frac{1}{2}$	5,300.00	136.76	1
54.	Cory, Fern V.	Lake	67	6	14	5,141.67	105.06	1
55.	Des Rosier, Helen	Glacier	62		22	5,285.33	103.56	1
56.	Donahue, Alma Jane	Gallatin	65	5	13	5,266.67	94.99	1
57.	Goodwin, Alden N.	Cascade	61		28	12,333.33	278.59	1
58.	Harris, Robert W.	Sanders	67		21	6,150.00	115.47	1
59.	Moon, Howard J.	Hill	64	4	31	7,125.33	220.99	2
60.	Van Denburg, Irene	Cascade	67	7 $\frac{1}{2}$	22	8,583.33	234.70	2
61.	Wehr, Olive C.	Lake	68	8	20	7,563.33	212.02	1
62.	Yorkston, Martha	VR, Powell	60	3 $\frac{1}{9}$	9	min. benefit	34.57	1

The next meeting of the Board was set for September 21, 1968, at 9:00 a.m. and the meeting adjourned at 12:15 on proper motion and second.

*Jess W. Whitney*

Jess W. Whitney, Chairman

*J. Hugh McKinny*

J. Hugh McKinny, Executive Secretary



Executive Secretary's Report  
May 18, 1968

We have had several requests to furnish information on the cost of increasing the retirement benefits of our annuitants. We should be able to have information available by the next meeting. For your information, the cost of raising the minimum benefit from \$50 to \$75 has been \$281,000 from 1959-1967 and for the \$75 to \$100 increase, the cost from 1963-1967 has been \$210,300. At the same time, our additional income, which is due to run out in 1975, has been \$928,500. The first increase still affects 105 teachers who are also included in the 221 receiving the additional benefits from the last increase. The original group totaled 146 while the second group totaled 331. By death, we have lost 28 per cent of the first group and 33 per cent of the second.

I reported to the MEA Retirement Committee our intention to go to the next legislature for permission to invest in common stocks. The Committee approved this action and submitted a report to the Delegate Assembly asking that group to support our amendment, which they did. Thus, we now have the MEA's full support. It will be easy to get the University faculty's support before the session begins. I don't think it will be difficult to get the support of the retired teachers--especially since they have already received one "thirteenth check".

Our work during the past quarter has been up to date. We are all ready for our summer rush. We have sent out 98 applications for retirement allowance and 57 have been returned. I would guess we are about 40 per cent completed on retirement applications at this point. We are looking forward to our big flood of withdrawals and our last rush of posting.

There is apparently no way we can get our new posting equipment without legislative approval. Kenyon's committee reported that they could not approve the purchase at this time and the Governor did not choose to override them.

We ran a check on married female, female and male teachers and find that this year 62 per cent of the public school teachers are female and 79 per cent of these are married or have been married. When including the University System, the percentage drops to 57 per cent female with 80 per cent married. It is pretty hard to get an accurate figure on married teachers and our methods may have improved since the last time we ran this survey for at that time, only 51 per cent were married. The 62-38 ratio of female to male is a change from the 71-29 ratio in 1956.

Since the last meeting we have invested our funds in the following bonds and mortgages:

Bonds

\$125,000	Allied Chem. Corp Bonds	6.60	8/1/63	@ par	Dain, Kalman, Piper, Jaffray & Halsey Stuart.
100,000	Sears Roebuck & Co.	6 3/8	4/1/93	@ par	Weeden & Company
315,000	Central Saga (yld 6.45)	6 3/8	1/1/93	@ 99	Goldman Sacs
125,000	White Motor Co.	6.5	3/1/93	@ par	J. Barth & Co. & Halsey Stuart



Mortgages

\$ 67,700	1st Nat'l Bank, Kalispell	@ 95
127,000	Security Bank & Trust Co., Billings	@ 95
47,100	Western Montana Bank, Missoula	@ 95
61,800	Streeter Brothers, Billings	@ 93 $\frac{1}{2}$
132,800	Guaranty Company, Billings	@ 95
236,800	J. L. Cooper & Co., Spokane	@ 95.4

In addition to the trip to Colorado Springs for the NCTR Executive Committee meeting, I spoke in Opheim and Fairview. Tom spoke at Eastern. We both attended a Montana Banker's Association meeting in Billings for their mortgage people.



# INVESTMENT REPORT

May 18, 1968

The immediate outlook for the economy is generally unchanged. The outlook over the next 12 to 18 months will be significantly affected by "external" factors, such as the peace moves in Vietnam, the tax legislation (the issue will hopefully be resolved within the next few weeks), and the degree of tightness in the credit policy.

During the next few months, the business uptrend should continue in response to the recent massive monetary expansion, the inflationary atmosphere and the momentum of an over-all accelerated demand. Inventory levels, which had been restrained in the last quarter because of the exceptionally strong rise in demand, will be expanded and will add to production. Stronger steel buying will reinforce this tendency. Residential construction will be flattening out the private-nonresidential housing starts, recently at 1.44 million units, annual rate, will be noticeably lower by year-end. Over-all consumer demand is expanding although the first quarter auto buying, equivalent to 9.2 million units (seasonally adjusted annual rates), may be high for the year. Business spending for plant and equipment appears to be somewhat greater than indicated earlier and Government defense spending will continue to expand (although at a slower pace) regardless of peace negotiations. The labor market remains tight. International monetary conditions remain in a state of suspended crisis.

Inflation remains strong and this, coupled with recent developments, leads us to revise our earlier estimate of GNP of \$845 billion to about \$847 billion, or almost 8 per cent above the 1967 level, while the estimate of the FRB's index of industrial production, remains essentially unchanged at about 165 (1957-59 = 100) or roughly 5 per cent above the 1967 level. (This could be somewhat on the optimistic side.) Such estimates presuppose some tax increase.

Profit expectations remain unchanged. The outcome of the tax legislation will determine the extent of increase for the year as a whole. So far, the first quarter came close to our anticipations. Our quarter by quarter view for 1968 corporate profits (ex a tax increase), based on Moody's industrials is as shown below:

$\frac{10}{+13\%}$	$\frac{20}{+10\%}$	$\frac{30}{+8\%}$	$\frac{40}{+1\%}$	$\frac{\text{Year}}{+8\%}$
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Meanwhile, wage increases have been averaging about 6 per cent. The AT & T settlement at 6 1/5 per cent is a more recent indication of the trend. This will undoubtedly influence the steel settlement. Cost inflation will, therefore, persist and continue to hurt our export trade. As has been reported previously, the first quarter balance on merchandising trade was the lowest since the second quarter of 1959. Such conditions pose a threat of further precautionary buying, thus, adding fuel to the inflationary process. This, therefore, makes the Government policy makeup of critical importance.



In all, there is an imperative need to stop the inflationary momentum. We expect that stronger measures will be forthcoming. Failure to enact high taxes, if it is to be so, poses serious problems for the economy and the financial markets and will bring more serious abuse to the international monetary system. The critical point may well be this summer when large Treasury financing is scheduled. This also will be the time when the effects of the British devaluation will be more earnestly appraised. While at home credit policy tightens, there appears to be a practical limit to such restraints as fiscal policy remains very expansionary. Therefore, the pressure will be on financial markets, i.e. interest rates.

The significance of the foregoing for business is that an unsustainable inflationary influence on economic activity and the tightening monetary background will bring about a visible slowdown in the economy and in corporate profits later this year. This should, in turn, moderate inflationary pressures. As long as the war is on, this does not suggest recession, although the end of fighting will bring about an adjustment as opposed to a serious recession.

In summary, the current business scene, as reflected in sales and profits, is quite favorable. The combination of a bulge in production in the next few months (steel strike hedging) and increasing monetary restraints to curb inflation will likely result in a second half slowdown in economic expansion.

#### CORPORATES

The current quarter seems likely to be the peak yield period for some time since financing volume demands continue to be strong. A tax increase would provide grounds for a rally but no significant decline in rates is anticipated. Even taking a long view, beyond the intermediate period, it is hard to visualize conditions which would permit investment grade corporate yields to move much below a  $5\frac{1}{2}$  per cent to 6 per cent range.



RETIREMENT BOARD MEETING  
September 21, 1968

The meeting was called to order at 9: a.m. by the Chairman, Mr. Whitney. In attendance were Board members Mr. Hayes, Miss Miller, Mr. Mitchell and Mr. James E. Burke, the Board's new member from Livingston. Also attending were Mr. Brown of Moody's, the Actuary, Mr. Young and the Secretary, Mr. McKinny.

The Chairman extended a warm welcome to Mr. Burke. The minutes of the last meeting, having been in the hands of the members prior to the meeting were approved on a motion by Mr. Hayes and a second by Miss Miller.

The Secretary presented the work report and reviewed the monthly financial statement and they were ordered placed on file on a motion by Mr. Burke and a second by Mr. Hayes.

Mr. Brown reviewed the financial markets and outlined Moody's predictions on the short-range interest rates. He also reviewed the convertible bond market and its application, along with that of common stock, to the Retirement System. Following a discussion by the members, Miss Miller moved that the System should work towards a program to invest its funds in common stock to a maximum of 25 per cent of its assets and that, as a start, the System should invest 25 per cent of its investable cash flow in convertible bonds as advised by Moody's Investment Service from a basic list approved by the Board. Mr. Mitchell seconded the motion which was approved. Mr. Brown offered a list of convertible bonds which were of high quality and acceptable for retirement systems. Mr. Hayes moved that the list be approved and that any additions to the list could be made at the recommendation of Moody's to the Secretary. Mr. Mitchell seconded the motion which was approved. Mr. Brown was then commended by the Board for his excellent investment report.

The following payrolls for the 4th quarter of 1968, in the approximate amounts, were approved on a motion by Mr. Hayes and a second by Mr. Mitchell:

Retirement	approximately	\$266,000.00	per month
Office	"	3,700.00	per month

The Board next turned to the old business at hand and reviewed the lease for the present office space which was from June 21, 1968 to June 21, 1969. Mr. Hayes moved that the Secretary secure the proper signatures to secure the space for the one year. Mr. Burke seconded the motion which was approved.

The Secretary then reviewed the Penta Corporation's building proposal and after a discussion, Mr. Burke moved that the Secretary be instructed to go to the Controller and request permission for the System to build an office building. Mr. Hayes seconded the motion which was approved.

Moving to the new business at hand, the Board reviewed the budget for 1969-1971, which would be placed before the legislature. Mr. Mitchell moved the budget be approved and that the Chairman or a representative of the Board attend the Appropriation Committee hearing to assist the Secretary. Mr. Burke seconded the



motion which was approved.

	<u>1969-70</u>	<u>1970-71</u>
Salaries & Wages	\$66,768.00	\$69,980.00
Employees' Benefits	<u>5,050.00</u>	<u>5,320.00</u>
Total personal services	\$71,808.00	\$75,300.00
Supplies & Material	\$ 4,100.00	\$ 4,100.00
Communications	4,930.00	4,930.00
Travel	6,300.00	6,800.00
Contracted Services	15,800.00	15,900.00
Special Fees	6,550.00	6,550.00
Maintenance & Equipment	<u>5,250.00</u>	<u>5,250.00</u>
Operating cost	\$ 42,930.00	\$ 43,530.00
Capital Equipment	<u>71,100.00</u>	<u>1,370.00</u>
Total operating cost	\$185,838.00	\$120,200.00

The Secretary then reported on the present service rate being allowed to the System's mortgage servicing agents and reported that all the large mortgage buyers were now at  $\frac{3}{8}$  per cent down from  $\frac{1}{2}$  per cent and that it was only good business practice to lower our rate. Mr. Hayes moved the Secretary be instructed to draw up new agreements with our servicing agents to lower the service rate from  $\frac{1}{2}$  to  $\frac{3}{8}$  of a per cent on all future mortgage purchases. Miss Miller seconded the motion which was approved.

The Board next considered the servicing agreements for FHA and VA loans with The First National Bank of Billings and an agreement with the Union Bank & Trust Co. of Helena to purchase conventional mortgage paper. Mr. Hayes moved the Secretary be instructed to secure the proper signatures for our standard servicing agreement. Miss Miller seconded the motion which was approved.

The Board next considered an offering of a mortgage on an apartment house which would have a value of \$180,000 and a mortgage of \$135,000 at 8 per cent with  $\frac{3}{8}$  per cent service. After a thorough discussion on the owners financial status and his other apartment houses, Miss Miller moved the purchase of the mortgage and Mr. Hayes seconded the motion which was approved.

The Board next considered legislation for the 1969 legislative session. The following amendments were discussed:

1. Placing an investment section within the teachers' retirement law so that there could be no doubt about the System's investment authority.
2. Place all income from the employers into the pension account fund and pay all operating expenses out of interest earnings.
3. Because of higher interest earnings, remove the present restrictions of one-half pay on retirement benefits.
4. Increase benefits to teachers already retired.

After a complete discussion on the merits of the amendments, Mr. Mitchell



moved the Secretary prepare amendments and offer them to the legislature for the first three proposals and that any action on the fourth proposal be postponed until the December meeting when information on cost would be available and the position of The Retired Teachers' Association should be known. Miss Miller seconded the motion which was approved.

The Secretary reported the interest earnings on the total assets of the System for 1967-68 to be 5.06 per cent for the purpose of setting the interest rate on the annuity savings accounts for 1968-69. Mr. Mitchell moved that a resolution be drawn to raise the rate from the present 4.5 per cent to 4.75 per cent. Miss Miller seconded the motion which was approved.

The Board then considered the Secretary's request to attend the National Council on Teacher Retirement Convention in Philadelphia from September 30 to October 5. Miss Miller moved that permission be granted. Mr. Hayes seconded the motion which also was approved.

The Secretary next reported that the member's annuity accounts had been credited with interest at the rate of 4.5 per cent on June 30 and that by law the Board could again pay an additional check to the retired members representing 1.5 per cent interest earned on their annuity reserve accounts over and above the 3 per cent interest assumption at retirement. The cost to the System would be approximately \$83,000. Miss Miller moved that since the law now permitted this additional payment, and that the earnings had been above the assumption, that the additional payment should be made. Mr. Mitchell seconded the motion which was approved.

The following applications for disability were approved following a motion by Miss Miller and a second by Mr. Mitchell:

- |    |   |    |     |            |                     |
|----|---|----|-----|------------|---------------------|
| 1. | John B. Michalson<br>(Multiple Sclerosis) | 48 | 17½ | \$6,746.67 | \$140.56 (Flathead) |
| 2. | Alice Madsen<br>(back injury)             | 53 | 6   | 5,668.33   | 118.09 (Dawson)     |

The following applications for survivorship benefits were approved on a motion by Mr. Mitchell and a second by Miss Miller:

- |    |   |  |
|----|---|--|
| 1. | Larry S. Larsen<br>age 25<br>Benefit: <u>\$141.55</u> | Survivor of Mary S. Larsen, Yellowstone<br>CS 29 yrs., Age 57<br>Average salary \$9,040.00<br>ASF 8,556.05 |
| 2. | Judy H. Slater<br>age 24<br>Benefit: <u>\$28.87</u>   | Survivor of Betty A. Hartman, Powell<br>CS 6½ yrs., Age 46<br>Average salary \$7,219.00<br>ASF 2,290.86    |
| 3. | Louis Schnebly<br>age 54<br>Benefit: <u>\$137.52</u>  | Survivor of Jewell Schnebly, McCone<br>CS 22 yrs., Age 54<br>Average salary \$6,518.37<br>ASF 5,215.09     |



4. Edith C. Kair	Survivor of Elizabeth R. Nicholson, Missoula
age 50	CS 33 yrs., age 55
Benefit: <u>\$188.98</u>	Average salary \$8,016.67
	ASF 8,374.59

The Following applications for retirement allowance were approved on a motion by Miss Miller and a second by Mr. Mitchell:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt.</u>
1. Adams, Florence	Missoula	63	1 $\frac{1}{2}$	13	\$7,590.00	\$ 95.68	1
2. Afanasiev, M. M.	MSU	67	6	31	15,533.33	387.74	5
3. Benson, Hilda K.	Silver Bow	68	15	31	9,607.67	374.77	1
4. Bacon, Imogene	Gallatin	62	4 $\frac{1}{4}$	21	5,266.67	115.96	1
5. Beaver, Adeline	Missoula	65	12	30	8,016.66	288.33	1
6. Berger, Millicent K.	Cascade	67		27	9,683.33	217.31	1
7. Bivins, Earnest	VR, Lincoln	60	8	22 $\frac{1}{2}$	6,333.33	129.38	3
8. Bohnert, Mabel	Carbon	66		22	5,393.33	101.49	2
9. Bosch, Hannah D.	Blaine	65	8	22	4,530.00	134.67	1
10. Brandt, Leita L.	VR	70	14 $\frac{1}{2}$	9	2,710.00	71.68	1
11. Brundage, Ann S.	Deer Lodge	68	3	5	5,833.33	48.59	1
12. Butcher, Zillah L.	Custer	70	4 $\frac{1}{2}$	11	4,003.66	60.14	1
13. Carrigan, Jewel S.	Beaverhead	63	3	14	3,810.00	58.05	2
14. Coombs, Hazel M.	Stillwater	67	8	39	5,155.00	187.85	1
15. Comly, Gertrude	Musselshell	60	9	5 $\frac{1}{2}$	4,070.00	61.18	1
16. Crane, Ethel E.	Cascade	65	4	21	3,702.03	102.25	1
17. Davis, Lucille	Powell	65	6 $\frac{1}{2}$	20	4,978.33	124.58	1
18. Denney, Ida C.	Yellowstone	69	9 2/3	23	7,938.33	257.92	1
19. Dick, Myrl	Yellowstone	69	8	19 $\frac{1}{2}$	4,400.00	115.94	1
20. Duncan, Geraldine E.	Roosevelt	68		13	5,166.67	63.33	1
21. Dunn, Thelma	Yellowstone	62	8	24	7,733.33	230.36	1
22. Duvall, E. F.	Powell	61	8	31	8,092.67	248.14	5
23. Erickson, Sadie	Silver Bow	69	14 2/3	31	9,607.98	367.43	1
24. Fink, Helen K.	Missoula	61	10	28	9,260.67	313.62	1
25. Flottman, Georgia	Flathead	64	1	21	7,152.33	136.86	1
26. Fosse, Theodore S.	MSU, VR	64	10	10	4,500.00	87.45	4
27. Francis, Dona D.	Lewis & Clark	60		17 $\frac{1}{2}$	5,973.33	91.65	1
28. Freeman, Thelma M.	Stillwater	63	7	20	5,945.00	150.01	1
29. Frey, Katie	Sweet Grass	63	4	13	4,733.33	81.41	2
30. Foote, Mildred	Yellowstone	60	6	17	4,700.00	106.87	1
31. Ford, Myrtle E.	Meagher	65	3	24	5,850.00	146.39	1
32. Gass, Lloyd C.	Vested Right	60	12	12	4,200.00	107.42	1
33. Gray, Irene	Lewis & Clark	65	1	14	4,750.00	68.34	1
34. Giulio, Isabelle S.	St. Dept.	67		20	minimum benefit	53.94	2
35. Goller, Paul M.	Big Horn	63	11	31	10,196.33	362.30	2
36. Grant, Mildred	Lake	69		18 $\frac{1}{2}$	4,628.33	76.61	1
37. Hall, Minnie B.	Flathead	63	5	27	7,152.33	201.45	1
38. Hanson, Alpha M.	Sheridan, drmnt	60	4 5/9	9 7/9	2,775.00	41.14	1
39. Hill, Lorraine	Yellowstone	64	13	26	7,968.67	272.52	2
40. Jacobson, Esther M.	Flathead	67		11 2/9	4,733.33	49.42	1
41. Jaquette, Eleanor G.	Lewis & Clk, VR	62	12 5/9	18	4,770.00	145.98	2



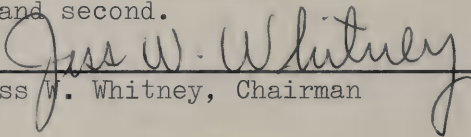
42.	Johnson, D. L.	Toole	67	11	31	\$12,366.66	\$424.55	1
43.	Johnson, Florence G.	Yellowstone	60	9 $\frac{1}{3}$	31	7,938.33	291.31	1
44.	Julius, Blanche B.	Teton	69		14	4,666.67	65.57	1
45.	Julson, Kenneth L.	Silver Bow	67	15	31	11,062.35	417.22	5
46.	Kaiser, Louise	Hill	65		15	4,725.00	60.40	1
47.	Krause, Ortall M.	Cascade	67	14	31	9,683.33	368.80	1
48.	Lapp, Winifred	Powell	70	15 $\frac{2}{9}$	31	8,853.66	346.99	1
49.	Leigh, Mildred J.	MSU	66	10	31	13,166.67	413.34	2
50.	McCurdy, Edward B.	Lake	62	11 $\frac{7}{9}$	29 $\frac{1}{2}$	11,098.00	400.46	1
51.	MacLay, Charlotte S.	Missoula	68		13 $\frac{2}{9}$	6,963.33	74.60	1
52.	Mason, David R.	U of M	66	10	26	19,733.33	541.65	5
53.	Maykuth, Dolores L.	Gallatin	60	2	10	4,383.33	45.59	1
54.	Merrick, Leonie M.	Yellowstone	65	15	31	10,478.67	415.47	1
55.	Mullikin, Harwood F.	MSU, VR	60		22	9,500.00	177.05	1
56.	Nelson, Melvin L.	Beaverhead	66	7	12 $\frac{2}{9}$	6,056.67	117.08	1
57.	Osmundson, Mary A.	Dawson	62	3	11	4,166.67	52.67	2
58.	Parenti, Ruth A.	Lake	61	3	19	6,903.33	129.50	2
59.	Pickens, Nellie H.	Yellowstone	62	5	23	7,700.00	171.36	3
60.	Pollitz, Libbie	Silver Bow	66	8 $\frac{1}{2}$	26 $\frac{1}{3}$	6,554.87	220.53	1
61.	Roeseler, W. Lyle	St. Dept.	66	5	27	10,400.00	305.10	1
62.	Raunig, Kathryn H.	Chouteau	61	6 $\frac{1}{2}$	14	5,516.67	103.41	5
63.	Reynolds, Lester C.	Madison	65	6	24	9,000.00	229.10	5
64.	Richardson, Tom C.	Flathead	65	9	31	9,494.00	282.44	4
65.	Sauber, Ruth L.	Gallatin	60	6	16	6,835.00	137.02	2
66.	Schaller, Blanche A.	Big Horn	60		16	5,423.33	71.48	2
67.	Scudder, Lou E.	Park	65	12	31	7,222.67	250.26	4
68.	Silverthorn, Charles M.	Gallatin	64	13	26	8,276.25	287.60	2
69.	Sparlin, Alberta C.	Fergus	62	8 $\frac{2}{3}$	27 $\frac{1}{2}$	7,225.00	235.81	1
70.	Speer, Lucille	U of M.	69	15	31	12,426.67	461.51	1
71.	Stapel, Lillian I.	VR, Ystone	60		26 $\frac{1}{2}$	6,878.33	114.33	3
72.	Thomas, Opal S.	Cascade	64	7	23 $\frac{7}{9}$	6,050.00	178.80	1
73.	ThurLOW, Sarah G.	Richland	65		10	3,963.33	36.15	1
74.	Van Oosten, Agnes	Park	65	8	31	7,300.00	239.26	2
75.	Waschell, Edith	Lake, VR	60	9	12	4,888.67	106.41	1
76.	Watson, Frank J.	U of M	66		24	11,123.33	223.79	1
77.	Wiley, Edith W.	Valley	64	10	26 $\frac{7}{9}$	7,420.67	248.79	1
78.	Whitt, Sidney A.	MSU	60		19	15,500.00	180.49	5
79.	Wilson, F. E.	Flathead	64	9	31	8,750.33	300.08	1
80.	Anderson, Wilma V.	Phillips	67	6	24	6,970.00	191.70	1
81.	Cutts, Ruth B.	Yellowstone	60	5	31	9,230.00	280.98	1
82.	Finlayson, Ellen M.	Missoula	63	10 $\frac{1}{2}$	25	8,176.67	264.97	1
83.	Gilman, Gertrude	Custer	62	4	24	4,780.00	110.20	1
84.	Laurie, Gladys	Custer	67		14 $\frac{1}{2}$	4,200.00	56.63	1
85.	Fisher, Katherine	VR, Ystone	60	6	11	minimum benefit	48.57	1
86.	Hentges, Kathryn V.	VR, Phillips	60		24 $\frac{7}{9}$	6,516.67	133.83	1
87.	Cook, Ronald W.	Vested Right	61	9	12 $\frac{1}{3}$	3,966.67	60.06	3
88.	Dallas, Agnes J.	Sweet Grass	60	2 $\frac{1}{3}$	14	4,183.33	62.90	2
89.	Hamilton, Alice O.	Yellowstone	62	9 $\frac{1}{3}$	18 $\frac{1}{3}$	7,683.33	226.84	4
90.	Klakken, Hazel M.	Fergus	60	5	11	5,047.00	74.80	2
91.	Meek, Bridget	Teton	66	13	20	6,233.66	206.02	2
92.	Oakland, Lloyd C.	U of M	62	1	24	16,800.00	265.49	5
93.	Schneider, Marion M.	Blaine	63	10	9	5,433.33	106.28	1



94.	Smith, Vivian R.	Fergus	69	1	21	5,083.33	100.53	2
95.	Tiechert, Mildred V.	Park	68	2	16 $\frac{2}{3}$	3,375.00	59.11	1
96.	Voldal, Eva M.	Valley	65	$5\frac{1}{2}$	16	5,683.33	113.41	2
97.	Powell, Nina B.	Valley	60	$3\frac{1}{2}$	$13\frac{1}{2}$	5,656.67	90.70	1
98.	Anderson, Ann	Cascade	62	12	30	8,783.33	328.20	1
99.	Bair, Viola E.	Big Horn	68	$12\frac{1}{2}$	26	7,128.33	252.74	1
100.	Doxtater, Mable I.	Petroleum	66		7	4,600.00	30.13	1
101.	Fossen, Alice	Roosevelt	68	7	31	5,541.67	188.23	1
102.	Freshman, Mary	Silver Bow	70		9	7,839.33	62.10	2
103.	Ulrigger, Hyla N.	Missoula	62	6	12 $\frac{1}{3}$	7,373.33	128.53	1
104.	Van Vleet, Floyd S.	Richland	70	4	18	3,838.33	88.53	1
105.	Brown, Esther	VR, MSU	60	$3\frac{1}{2}$	20	7,000.00	139.56	1
106.	Davidson, V. G.	MSU	62	9	$31\frac{1}{4}$	12,933.33	364.31	5
107.	Gilstad, Ruth A.	Lake	62		24 $\frac{2}{3}$	5,608.33	101.97	1
108.	Johnson, Arthur J.M.	MSU	68	9	29	14,866.67	430.74	4
109.	Lockwood, Helen H.	Gallatin, VR	60	5	11	5,383.33	80.06	2
110.	MacArthur, Eleanor	VR, U of M	60	6	$18\frac{1}{2}$	5,333.33	126.96	1
111.	Yorkston, Martha	VR, Powell	60	$3\frac{1}{9}$	9	minimum ben.	34.57	1

The Board then considered its organization for the fiscal year 1968-69. Mr. Mitchell moved that since Mr. Whitney had been doing such an admirable job as Chairman, that he should be retained as Chairman. Mr. Hayes seconded the motion. With no further nominations, Miss Miller moved the question and Mr. Whitney was unanimously elected. Since Miss Miller was leaving the Board, Mr. Mitchell nominated Mr. Hayes as Vice Chairman. Miss Miller seconded the motion and Mr. Hayes was unanimously elected.

The next Board meeting was set for 9:00 a.m., December 14, 1968 and at 12:05 p.m., the meeting adjourned on proper motion and second.

  
 Jess W. Whitney, Chairman

\_\_\_\_\_  
 J. Hugh McKinny, Executive Secretary



Executive Secretary's Report  
September 21, 1968

The work in the office did not let up at all this summer. We usually get a break in August and the first part of September but not this year. Since the 1st of June we have had 1,044 refunds and 182 additions to the retirement payroll. Interest in retirement is still high and correspondence has been exceedingly heavy.

With our summer additions to the retirement payroll, we now have 2,007 persons drawing benefits from the System. The total payment raised from \$241,000 to \$266,000. The average retirement age is still between sixty-four and sixty-five. The average years of service is about 27 years. The average salary of those choosing the straight-life option is \$6,820 with an average benefit of \$176.57 while under the different options, the average salary is \$8,120 and the average benefit \$202.

Because of our lack of investment income during the summer, our investments this past quarter have been light. Since June 1, 1968, 23 have purchased the following bonds:

\$250,000	Fruit Growers Express	7%	of 4/15/83	@ par	R. W. Pressprich & Co.
45,000	J. C. Penney Conv. Debs	4 $\frac{1}{4}$ %	of 93's	@ par	Merrill Lynch, R. W. Pressprich & Piper Jaffray & Hopwood
150,000	Union Oil Debs	6 $\frac{5}{8}$	of 98	@ 98 $\frac{3}{4}$ , yld 6.80,	Piper, Jaffray & Hopwood; J. Barth & Co.

We also purchased the following mortgage offerings:

Western Montana Bank, Missoula	\$ 29,000	@ 95
Streeter Brothers, Billings	106,000	@ 93-94
1st State Bank, Whitefish	21,500	@ 94
Commerce Mortgage Company, Spokane	311,500	@ 92-96
Real Estate Mart, Billings	150,000	@ 93-96

The discount rate at the present time is between 4% and 5 $\frac{1}{2}$ %.

Our mortgage run-off last year averaged \$112,000 a month and because of the tightness of money last year, I would guess that this would be our low average for years to come. It is already running a bit higher this summer than last.

The teachers' lists have been coming in very well and we are hard at the task of transferring teachers from county to county and establishing records for our new members.

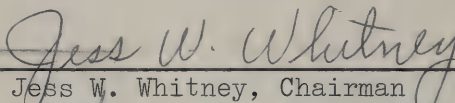
Tom and I will again cover four MEA Conventions and I have already been to Roundup to speak to a teachers' meeting so I guess 1968-69 is off and running.

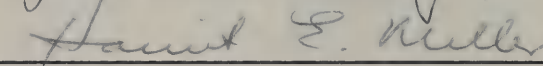



December 14, 1968

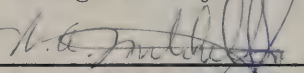
Resolution No. 47

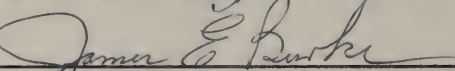
BE IT RESOLVED that the interest rate of four and three-fourths per cent (4.75%) be allowed on the annuity savings funds of The Teachers' Retirement System and that the Actuary be instructed to use an interest rate of four per cent (4%) together with the 1965 mortality and disability and withdrawal assumption to determine the amounts of the reserves for all active members and that the three per cent (3%) 1937 standard annuity tables be the basis for reserves for all retired members.

  
\_\_\_\_\_  
Jess W. Whitney, Chairman

  
\_\_\_\_\_  
Harriet E. Miller

  
\_\_\_\_\_  
George H. Hayes

  
\_\_\_\_\_  
W. A. Mitchell, Jr.

  
\_\_\_\_\_  
James E. Burke



December 14, 1968

## Resolution No. 48

BE IT RESOLVED THAT, The State Treasurer, State of Montana, as designated depository of The Teachers' Retirement System and is hereby requested, authorized and directed to honor checks, drafts or other orders for the payment of money drawn in this State Department's name, including those payable to the individual order of any person or persons whose name or names appear thereon as a signer or signers thereof, when bearing or purporting to bear the facsimile signature(s) of any two of the following:

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

W. A. Mitchell, Jr.  
W. A. Mitchell, Jr.

James E. Burke  
James E. Burke

Samuel Wells  
JEB ~~Dolores Colburg~~ W. A. Mitchell, Jr.

and the State Treasurer, State of Montana, shall be entitled to honor and to charge this State Department for such checks, drafts or other orders, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such signature or signatures resemble the facsimile specimens duly certified to or filed with the State Treasurer, State of Montana, by the Secretary or other officer of The Teachers' Retirement System.

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

W. A. Mitchell, Jr.  
W. A. Mitchell, Jr.

James E. Burke  
James E. Burke

Samuel Wells  
JEB ~~Dolores Colburg~~ W. A. Mitchell, Jr.



December 14, 1968

Resolution No. 49

BE IT RESOLVED THAT, The Union Bank and Trust Company, Helena, Montana, as designated depository of The Teachers' Retirement Board, Minnie S. Fullam Fund and is hereby requested, authorized and directed to honor checks, drafts or other orders for the payment of money drawn in this Fund's name, including those payable to the individual order of any person or persons whose name or names appear thereon as a signer or signers thereof, when bearing or purporting to bear the facsimile signature(s) of any two of the following:

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

W. A. Mitchell, Jr.  
W. A. Mitchell, Jr.

James E. Burke  
James E. Burke

Harold Miller  
~~Dolores Callberg~~

and the Union Bank and Trust Company, Helena, Montana, shall be entitled to honor and to charge this Fund for such checks, drafts or other orders, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such signature or signatures resemble the facsimile specimens duly certified to or filed with the Union Bank and Trust Company, Helena, Montana, by the Secretary or other officer of The Teachers' Retirement Board, Minnie S. Fullam Fund.

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

W. A. Mitchell, Jr.  
W. A. Mitchell, Jr.

James E. Burke  
James E. Burke

Harold Miller  
~~Dolores Callberg~~

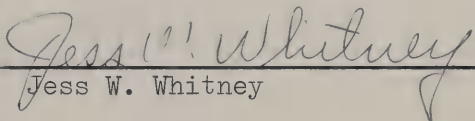


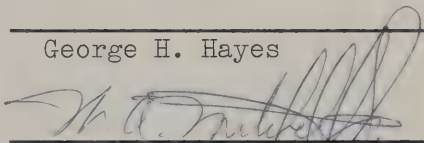
December 14, 1968

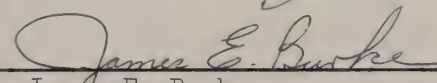
Resolution No. 50

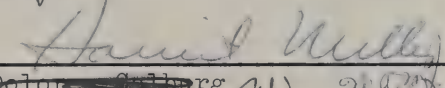
BE IT RESOLVED THAT, J. Hugh McKinny, Executive Secretary, is hereby authorized and empowered to sell and assign any and all securities of any description now and hereafter owned by The Teachers' Retirement Board, Minnie S. Fullam Fund, and

IT IS FURTHER RESOLVED THAT, any and all assignments or sales of any such securities registered in the name of, or assigned to The Teachers' Retirement Board, Minnie S. Fullam Fund, heretofore or hereafter made by the above named officer, are hereby ratified and confirmed.

  
Jess W. Whitney

George H. Hayes  
  
W. A. Mitchell, Jr.

  
James E. Burke

  
Dolores Gilling





March 15, 1969

Resolution No. 51

BE IT RESOLVED THAT, The State Treasurer, State of Montana, as designated depository of The Teachers' Retirement System and is hereby requested, authorized and directed to honor checks, drafts or other orders for the payment of money drawn in this State Department's name, including those payable to the individual order of any person or persons whose name or names appear thereon as a signer or signers thereof, when bearing or purporting to bear the facsimile signature(s) of any two of the following:

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

W. A. Mitchell, Jr.  
W. A. Mitchell, Jr.

James E. Burke  
James E. Burke

Dolores Colburg  
Dolores Colburg

and the State Treasurer, State of Montana, shall be entitled to honor and to charge this State Department for such checks, drafts or other orders, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such signature or signatures resemble the facsimile specimens duly certified to or filed with the State Treasurer, State of Montana, by the Secretary or other officer of The Teachers' Retirement System.

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

W. A. Mitchell, Jr.  
W. A. Mitchell, Jr.

James E. Burke  
James E. Burke

Dolores Colburg  
Dolores Colburg

March 15, 1969

Resolution No. 52

BE IT RESOLVED THAT, The Union Bank and Trust Company, Helena, Montana, as designated depository of The Teachers' Retirement Board, Minnie S. Fullam Fund and is hereby requested, authorized and directed to honor checks, drafts or other orders for the payment of money drawn in this Fund's name, including those payable to the individual order of any person or persons whose name or names appear thereon as a signer or signers thereof, when bearing or purporting to bear the facsimile signature(s) of any two of the following:

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

W. A. Mitchell, Jr.  
W. A. Mitchell, Jr.

James E. Burke  
James E. Burke

Dolores Colburg  
Dolores Colburg

and the Union Bank and Trust Company, Helena, Montana, shall be entitled to honor and to charge this Fund for such checks, drafts or other orders, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such signature or signatures resemble the facsimile specimens duly certified to or filed with the Union Bank and Trust Company, Helena, Montana, by the Secretary or other officer of The Teachers' Retirement Board, Minnie S. Fullam Fund.

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

W. A. Mitchell, Jr.  
W. A. Mitchell, Jr.

James E. Burke  
James E. Burke

Dolores Colburg  
Dolores Colburg



Minutes, Retirement Board Meeting

December 13, 1968

The Retirement Board met with members of the Montana Retired Teachers' Association on Friday, December 13, 1969 at 7:30 p.m.. In attendance were members Mr. Whitney, Mr. Burke and Mr. Mitchell. Also in attendance were Mr. Young, Mr. McKinny and Mr. Schneider. Representing the Montana Retired Teachers' Association were its president, Margaret Bettel, the legislative chairman, Mr. Neal and members Elizabeth Duffield, John Savage, Martin Erickson, Joe Laird and Pearl Matteson.

The discussion that evening was on a proposal to be placed before the 41st Legislative Assembly to increase the retirement benefits of teachers already retired.

Previous to the meeting, it had been proposed that the requested increase be the raising of the minimum benefit to \$125 or a 1 per cent increase for each year a teacher had been on retirement. Cost estimates for this proposal had been worked up in advance and it was agreed that a  $\frac{1}{4}$  per cent increase in employer contribution for 10 years would raise enough income to cover the increase.

In the discussion this evening, it was agreed, because of the rapid increase in living costs the past two years, that the increase should be 2 per cent per year or the minimum benefit of \$125-- whichever would be the larger. It was also agreed that the increase would be for years prior to July 1, 1967, before the salary ceiling was removed and the 13th retirement check was written into the law.

After agreement was reached, Mr. Burke moved that the Retirement Board support the efforts of the MRTA and the office staff render all services necessary to see that the proposal be enacted into law. Mr. Mitchell seconded the motion which was carried. The Board recessed at 8:45 to meet again at 9:00 p.m. the next morning.

## RETIREMENT BOARD MEETING

December 14, 1968

The meeting was called to order by the Chairman, Mr. Whitney, at 9:00 a.m.. In attendance were members Mr. Burke, Miss Miller and Mr. Mitchell. Also attending were Mr. Young, the Actuary and Mr. McKinny, the Secretary. The Secretary reported Mr. Hayes was ill and would not be able to attend. The minutes of the September Board meeting, having been in the hands of the members prior to the meeting, were approved on proper motion and second.

The Secretary reported the arrival of Mr. Magelssen and Mrs. Ennis of the Security Bank of Billings who wished to make a proposal to the Board for the sale of income property mortgages. They were invited to the meeting to explain their mortgage procedures and offerings. Mr. Magelssen reviewed the operation of the bank's real estate department and informed the Board their exact procedure in issuing mortgages, discussing in detail their credit and appraisal standards. He reviewed each of the income mortgages the bank had for sale and the lease behind each mortgage and also offered policy suggestions for the Board. After their departure, Mr. Burke moved the approval of the purchase of the mortgage at 8 per cent to cover the building of a medical clinic in Helena. Mr. Mitchell seconded the motion which was approved.

The Secretary then presented his reports covering the financial statements, investment, work reports and the Biennial Report. It was pointed out to the Secretary that the Board members on record on June 30, 1968, should be those listed in the Biennial Report. Mr. Mitchell moved the approval of the reports subject to the correction of the title page of the Biennial Report. Mr. Burke seconded the motion which was carried.

The following payrolls for the 1st quarter of 1969 were approved on a motion by Mr. Mitchell and a second by Mr. Burke:

Retirement payroll	approximately	\$266,000.00	per month
Office payroll	"	3,780.00	per month

The Secretary next reviewed the legislative program to be presented to the upcoming legislative assembly as approved by the Board at previous meetings. The investment bill would call for the investment by the Board of up to 25 per cent of the funds in stock listed on the New York Stock Exchange. The administrative changes asked would be that the operating expense be paid by interest earned rather than the separate employer contribution. All interest withheld on refunds would go to the pension fund and a teacher making extra contributions to his own account would be permitted to receive more than half-pay at sixty.

The bills to raise the benefits for retired teachers would call for a minimum of \$125 for those teachers with 30 years of service who retired before July 1, 1949 and a minimum of \$125 per month for 35 years of service for those who retired after July 1, 1949 or a 2 per cent increase on the retired member's



original benefit for each year on retirement prior to July 1, 1967, whichever would be larger. The employer contribution would also be raised  $\frac{1}{2}$  of 1 per cent.

The Secretary then reviewed the building proposal and reported that the authority for construction would have to come from the legislature. Mr. Burke then moved that the Secretary have a bill presented to the legislature to permit the System to build, as an investment, an office building at the northeast corner of Sixth and Sanders at a cost not to exceed \$150,000. Mr. Mitchell seconded the motion which was approved.

The Board then moved to the new business at hand and considered a servicing agreement with the Yellowstone Bank of Laurel. Mr. Mitchell moved the Secretary be instructed to secure the proper signatures for an agreement. Mr. Burke seconded the motion which was approved.

The Secretary then reported the disbursement of the Minnie Fullam estate. The System has received various stocks and cash with a value of approximately \$25,000. Miss Fullam desired that the money be used to finance a home for retired teachers or to be used at the discretion of the Board to aid or assist retired teachers. After a lengthy discussion on various ways to use the fund, it was decided to postpone any action until a future date.

The Secretary then presented the resolution to authorize the Treasurer's office to accept warrants signed by Mr. Burke. The resolution was signed at the meeting.

The following application for disability was approved on a motion by Mr. Mitchell and a second by Mr. Burke:

1. Thelma O. Kinsfather	Yellowstone County
(blindness)	age 59
<u>Benefit: \$99.65</u>	PS: 9 yrs. - MS: $6\frac{1}{2}$ yrs.
	Average salary: \$4,783.33

The following applications for survivor's benefits were approved on a motion by Mr. Mitchell and a second by Mr. Burke:

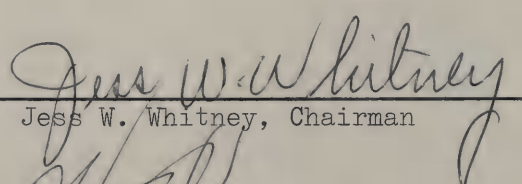
1. Eva Goetz	Survivor of Ellen M. Goetz, Dawson Co.
age 51	CS: 8yrs. Age 28
<u>Benefit: \$50.38</u>	Average salary \$6,226.67
	ASF 2,055.36
2. Robert L. McIlhattan	Survivor of Doris J. McIlhattan, Ravalli Co.
age 32	CS: $6\frac{1}{2}$ yrs. Age 32
<u>Benefit: \$22.43</u>	Average salary \$4,296.67
	ASF 1,296.43
3. Catherine L. Phillips	Survivor of Stanley T. Phillips, Ystone
age 39	CS: $19\frac{1}{4}$ yrs. age 40
<u>Benefit: \$176.35 +</u>	Average salary \$14,090.00
\$100 a month for children ASF	7,590.00

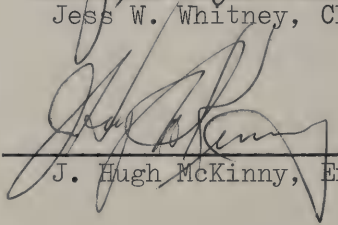
4. Agnes Yoakam Survivor of George Yoakam, Prairie Co.  
 age 46 CS: 7 3/4 yrs. age 48  
Benefit: \$48.09 + \$50 Average salary \$7,581.00  
 per mo. for minor child ASF 1,766.48
5. Letty B. Weingartner Survivor of Clayton Weingartner, Silver Bow  
 age 46 CS: 22 yrs. Age 56  
Benefit: \$119.32 + \$150 Average salary \$7,927.23  
 a month for children ASF 5,822.14

The following applications for retirement allowance were approved on a motion by Mr. Burke and a second by Mr. Mitchell:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average salary</u>	<u>benefit</u>	<u>opt.</u>
1. Beadle, Ina M.	Carbon	64	7 $\frac{1}{2}$	19 $\frac{1}{2}$	\$5,300.00	\$136.76	1
2. Cookingham, Elvera	Phillips	62	3	14	4,176.67	67.47	1
3. Jenkins, Ellen	Big Horn	60		24	4,780.00	95.00	1
4. Jordan, Olga E.	Garfield, VR	60	7	14	3,121.66	66.88	1
5. Kelly, William J.	Roosevelt	66		8 $\frac{1}{2}$	4,515.00	38.86	1
6. Piccioni, Constance E.	MSU	60		10	8,616.67	74.81	1
7. Ruckman, G. Viola	Silver Bow	69	18	13 $\frac{1}{2}$	5,021.33	165.53	1
8. Rusch, Dora C.	Lewis & Clk	67	4	26 $\frac{1}{2}$	5,016.67	124.01	2
9. Taylor, Emma	Flathead	62	1	9	4,333.33	40.75	1
10. Aikins, Lincoln J.	Eastern	70	3	28 $\frac{1}{2}$	16,426.67	316.57	5
11. Hawley, Elizabeth M.	Teton	60	7	25 $\frac{1}{2}$	4,708.33	131.32	1
12. Kendall, Orin P.	Sanders	64	11	27 $\frac{1}{2}$	5,141.67	149.32	5
13. Klampe, Ambernetta	Yellowstone	62	11	31 $\frac{1}{2}$	7,050.00	267.69	1
14. McChesney, Elizabeth	Judith Basin	60	6	11 2/3	5,133.33	83.59	2
15. McGuire, O. Lorraine	VR, Gallatin	60		28 1/3	6,390.00	144.54	1
16. Neufeld, Doris	Flathead	60	6	8	4,881.66	70.86	1
17. Olsen, Ruby T.	Fergus, VR	60	2	9	4,425.00	46.46	1
18. Price, Guy H.	Lake, VR	60	2 $\frac{1}{2}$	13	5,902.00	89.01	2
19. Smith, Ruth A.	Fergus	63		7	6,156.67	36.37	1

The next regular meeting of the Board was set for 9:00 a.m., March 15, 1969, and the meeting adjourned at 12:30 on proper motion and second.

  
 Jess W. Whitney, Chairman

  
 J. Hugh McKinny, Executive Sec'y



Executive Secretary's Report  
December 14, 1968

I certainly hope the legislature approves our request for the new accounting machine. Our machines have been giving us an awfully lot of minor trouble. The second hand machine had a major breakdown that took about two weeks to repair. By putting in some extra time, we have the posting up to date with the exception of the mortgages which are a month behind. The service man is not always available as he services machines in Butte and Anaconda in addition to Helena. This has been true all along but we are just noticing it.

We have lost some time with the flu. Mrs. Ramberg was out for two weeks and Mrs. Morris is out now. Mrs. Wilcox is in the hospital in traction right now for a bad neck and Tom will have a knee operation after Christmas and will be out a couple of weeks.

The "thirteenth check" was mailed this week. The total is over \$83,000 and average a bit over \$40 a check. This should make a nice Christmas present. I hope, however, that our retired teachers realize this is a raise in benefits and not merely a Christmas present.

The bond markets this past quarter continued to be unaggressive and prices continued to fall which, of course, means higher yields on new issues. The past week AA bonds reached the 7 per cent level. I don't see either a decline or a leveling off. Financing will continue to be heavy the next quarter and there will continue to be a demand for housing. If I were to forecast, it would be for a raise in the FHA rate from 6 3/4 to 7 per cent in the near future. It will be one of Mr. Nixon's first little problems.

The past quarter we invested in the following corporate bonds:

AA	Anaconda Co.	6 5/8%	of 93	to yield 6.7%	\$250,000.00
AA	Philip Morris Co.	6 5/8%	of 93	to yield 6.73%	275,000.00
AA	Detroit Edison	6.4 %	of 98	to yield 6.5%	100,000.00

We invested in the following convertible debentures all of A rating:

Alcoa		of 91	@ 108 1/2 (now 112)	\$ 50,000.00
Ashland Oil Co.	4 3/4	of 93	@ 107 1/2 (now 110.75)	50,000.00
J. C. Penney Co.	4 1/4	of 93	@ 110 (now 114)	50,000.00
McGraw-Hill	3 7/8	of 92	@ 93 1/2 (now 94 5/8)	49,000.00

We purchased the following mortgage offerings:

Western Montana Bank, Missoula	\$140,500.00
Streeter Brothers, Billings	138,300.00
Guaranty Co., Billings	163,500.00
Commerce Mortgage Co., Spokane	610,000.00
Great Falls National Bank	145,000.00

These mortgages were bought at 95 and 96 to yield 7 per cent over ten years. The conventional loans in the group yield 7 1/4 per cent.

We covered four teachers conventions missing the northeast. I have been to Eureka, Whitefish, Chouteau and in Bozeman for estimates. Tom has been at Eastern. I also attended the NCTR convention in Philadelphia and am now the president-elect of this national group.

## RETIREMENT BOARD MEETING

March 15, 1969

The meeting was called to order by the Chairman, Mr. Whitney, at 9:15 a.m.. In Attendance were members Mr. Burke, Mr. Hayes and Mr. Mitchell. Mrs. Colburg, because of legislative pressure, was unable to attend. Mr. Young and Mr. McKinny were also in attendance.

The minutes of the December meeting, having been in the hands of the members prior to the meeting, were approved on a motion by Mr. Burke and a second by Mr. Mitchell.

The Secretary presented his reports which were ordered placed on file on a motion by Mr. Mitchell and a second by Mr. Hayes.

The following payrolls in their approximate amounts were approved on a motion by Mr. Burke and a second by Mr. Hayes.

Retirement	approximately	\$269,000.00
Office	"	3,780.00

At this point in the meeting, Mr. Campeau of the architectural firm of Campeau and Crennan, a firm suggested to the Board by the state architect, was invited in to the meeting. Mr. Campeau explained the duties and relationship of an architect to his clients. He also showed slides of buildingshis firm had designed and several sketches of buildings under consideration. The Board thanked Mr. Campeau for his fine presentation and after his departure, Mr. Burke moved that the Board retain Mr. Campeau's firm to proceed with studies and preliminary drawings. Mr. Hayes seconded the motion which was approved. Mr. Hayes then moved the Secretary attempt to purchase two additional lots or, if possible, eight additional lots from Judge Adair. Mr. Mitchell seconded the motion which was approved.

The Board next considered the old business at hand and discussed the Minnie Fullam Fund. There was considerable discussion but no concrete decision was reached and the matter was tabled.

Turning to new business, the Secretary reported a problem developing in considering paid leave time to retiring University faculty members. He reported that one MSU professor, retiring on January 1, would have paid leave to July 1 and at the same time he would be teaching at Eastern thus receiving one and one-half year of pay in one year. Another professor retiring July 1, for the convenience of MSU would be receiving his six months' leave pay in a lump sum prior to July 1, 1969. In each case, the teacher's average salary would be ballooned with a resulting increase in retirement benefits. After a thorough discussion and a review of the law, Mr. Mitchell moved that sabbatical leave salary could not be used as part of the average salary in computing a retirement benefit when sabbatical salary is paid in addition to salary earned during the full normal working time. Mr. Hayes seconded the motion which was approved.



The Secretary then presented Resolution No. 51 to authorize signatures for the State Treasurer's office. This Resolution was signed by all members present.

The Board then considered the request of the Montana Bank for a Service Agreement for conventional mortgages. Mr. Hayes moved the Secretary secure the proper signatures on the standard servicing agreement. Mr. Mitchell seconded the motion which was approved.

The Board then approved the Secretary's request to attend the Executive Board meeting of the National Council on Teacher Retirement in Phoenix May 15-17 on a motion by Mr. Hayes and a second by Mr. Burke.

The following disability applications were approved on a motion by Mr. Mitchell and a second by Mr. Hayes:

	<u>age</u>	<u>CS</u>	<u>average sal.</u>	<u>benefit</u>
1. Mildred Loehding (labrinthites)	57	12 2/3	\$2,925.00	\$ 60.94
2. Francis McIntosh (mental)	49	13 1/3	7,571.67	157.74

The following survivor's benefits were approved on a motion by Mr. Burke and a second by Mr. Mitchell:

1. Marguerite Denney age 51 <u>Benefit: \$154.99</u>	Survivor of Amos Denney, Blaine Co. age 60 PS: 1 1/2 yrs. MS: 31 1/2 yrs. Average salary \$7,718.00 ASF 8,968.45
2. Fred C. Garbe age 67 <u>Benefit: \$98.09</u>	Survivor of Ethel Garbe, Lake Co. age 62 PS: 5 yrs. MS: 9 1/2 yrs. Average salary \$5,056.67 ASF 2,276.02
3. Margaret A. Short age 58 <u>Benefit: \$332.44</u>	Survivor of Orley C. Short, Park Co. age 60 PS: 8 7/9 yrs. MS: 31 1/2 yrs. Average salary \$11,495.00 ASF 9,927.87
4. Richard & David Waite Richard, age 22, <u>benefit</u> <u>\$43.82</u> David, age 25, <u>benefit</u> <u>\$45.09</u>	Survivors of Nedra G. Waite, Gallatin age 60 PS: 5 yrs. MS: 15 1/2 yrs. Average salary \$7,880.00 ASF 5,156.13

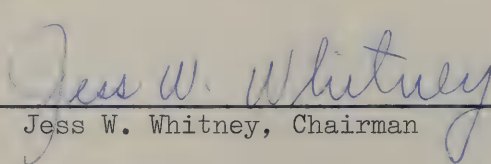
5. Bernice E. Anderson & Survivor of Orvin L. Eide  
 Ann M. Eide age 53  
 Bernice Anderson, age 21, MS: 14½ yrs.  
benefit: \$24.14 Average salary \$6,885.00  
 ASF 4,177.04  
 Ann M. Eide, age 24,  
benefit: \$24.70

The following applications for retirement benefit were approved following a motion by Mr. Hayes and a second by Mr. Burke:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt</u>
1. Aikins, Lincoln J.	Eastern	70	3	28½	\$16,426.67	\$316.57	5
2. Boslaugh, Donald R.	Lincoln, VR	60	9	20	5,666.67	160.32	1
3. Cornell, Ava M.	Judith Basin, VR	60	6	12 ⅓	4,450.00	77.71	1
4. Brewer, Mabel M.	U of M, VR	60	4½	6	7,000.00	73.42	1
5. Day, Mabel	Missoula, VR	60	10	11	3,500.00	78.02	1
6. Francis, Vera N.	Rosebud, VR	64		14 2/9	4,580.00	59.89	1
7. Kelso, Maurice M.	Vested Right	63		13	5,333.33	71.24	1
8. Martin, Sophie M.	Vested Right	60	5	9 2/9	3,716.67	54.20	1
9. Miller, Ethel Irene	Gallatin	65	3	23 ⅛	12,400.00	267.54	1
10. Miller, Eva R.	Big Horn, VR	60	9	12 ⅓	3,183.33	69.71	1
11. Neufeld, Doris	Flathead, VR	60		14	4,881.66	70.86	1
12. Robison, Leona	McCone	60		6	4,717.73	25.24	1
13. Smith, Russell E.	U of M, VR	60		14½	3,840.00	45.88	1
14. Thompson, Mattie	Flathead, VR	60		5 ⅓	5,825.00	27.67	1
15. Cheney, Truman	St. Dept., VR	60	6	14½	4,800.00	65.00	3
16. Lammers, O. A.	Dawson, VR	60	3	12	3,340.00	51.49	2
17. Wagner, Ethelda	Cascade	62	10	19	4,056.72	120.60	2
18. Baker, Caroline	Yellowstone	60	4	14½	5,780.00	99.73	1
19. Bonebright, Grace E.	Roosevelt, VR	60	6	14	5,015.00	92.53	1

The next meeting of the Board was set for Saturday morning, May 10, 1969 at 9:00 a.m..

The meeting adjourned at 11:55 a.m. on proper motion and second.

  
 Jess W. Whitney, Chairman

J. Hugh McKinny, Executive Secretary



Executive Secretary's Report  
March 15, 1969

With the passage of ESHB 7, our interest in the 41st legislative session will be over. For the record, we didn't do too badly. HB 3, our common stock investment bill, did pass both House and Senate but the Governor's office asked the majority leader in the Senate to kill the bill as, in his opinion, it was unconstitutional. He thought it might embarrass his office to sign the bill and have it proved unconstitutional by the Court as he had been Attorney General and also a member of the Court.

The bill to increase benefits to retired teachers had no trouble. The increase in employer contributions to pay the increase had a few votes in opposition. Although not logical, it always happens. As you may remember, in this bill we also dropped the contribution to expense and from July 1, 1969 on, the total expenses of the System will be paid by interest earnings except for the \$1 membership fee from over 12,000 teacher accounts.

Our resolution to build an office building also passed with ease. The difficult part was getting the Governor's signature. He reported he may oppose construction in the future.

The appropriation bill containing our funds is now in conference committee. After a few adjustments, we may now receive moneys to cover the needs of the System plus our new accounting system and our microfilming equipment which is to be purchased in 1971.

The legislators who helped us with our bills are of course numerous but, specifically, on HB 3, Mr. Ulmer introduced it in the House and Mr. Groff carried it in the Senate. HB's 12 and 13 were introduced by Mr. Shively and carried in the Senate by Mr. Cotton. The joint resolution for our building was introduced in the House by Mr. Schoonover and carried in the Senate by Mr. Lyons. We also had help on all four bills in the Senate from Mr. Mather. The House appropriation committee originally cut up our appropriation bill but it was re-grouped and restored in the Senate by Mr. Groff with a big assist from Senator Deschamps. We also got a great deal of help from the MEA and the Butte Teachers Union as well as the Montana retired teachers. These retired teachers wrote lots of letters.

We got a very bad story in the Great Falls Tribune on HB 12--"the juicy apple story". I have been considering having a retired teacher write to the editor. We will have to get a letter out to the retired teachers explaining the bill in detail so that they won't be shocked when they all don't get a \$1,500 raise.

The office work has been going well. Posting is up to date. We are being forced to inventory our teacher accounts more often as the posting

machines are dropping dollars much more frequently than in the past. I am certainly counting on the new equipment but it will be a big job getting it set up this summer and will take some reorganizing of the office.

This past quarter we invested in the following corporate bonds:

Duke Power Co.	AAA	\$ 50,000	7's of 99	to yld 7.05	Halsey, Stuart & Co.
GMAC	A	100,000	7 1/8 of 89	" " 7.19	Blair & Co., Hirsch & Co.
Associated Invest. Co.	A	300,000	7 3/8 of 88	" " 7.45	Hirsch & Co., Salomon Bros., Blair & Co.
Lone Star Gas Co.	AA	100,000	7 1/4 of 93 @ par		Bear, Stearns & Co.
Trailer Train Equip	AA	250,000	7 1/4 of 89 @ par		R. W. Pressprich & Co.
Plantation Pipe Line	AAA	250,000	7's of 99 @ par		Morgan Stanley & Co.
Illinois Central Equip	AA	50,000	5 1/4 of 80 to yld	7.25	Halsey, Stuart & Co.
Standard Oil of N. J.	AAA	250,000	6 1/2's of 98 @ par		Morgan Stanley & Co.
Witco Chem Con Debs	A	20,000	4 1/2's @ par		Goldman, Sacs & Co.
U. S. Shoe Company	AA	150,000	7 1/8 of 94 to yld	7.20	G. H. Walker: W.E. Hutton
Bethlehem Steel	AA	150,000	6 7/8 of 99 " "	6.95	Piper, Jaffray: Halsey, Stuart: Drexel Harriman
L & N Equip Trusts	AA	100,000	7's of 84 @ par		Salomon Bros.

This quarter we purchased the real estate mortgages listed below:

Union Bank & Trust Co.	\$ 250,000	6 3/4	@ 4 1/2
1st State Bank, Whitefish	24,850	6 3/4	@ 5
Western Montana Bank	77,300	6 3/4	@ 5
Guaranty Company	89,300	6 3/4	@ 4 - 6
Commerce Mortgage Co.	265,000	6 3/4	@ 4 - 6



## RETIREMENT BOARD MEETING

May 10, 1969

The meeting was called to order at 9:00 a.m. by the Chairman, Mr. Whitney. In attendance were members Mrs. Colburg, Mr. Burke and Mr. Hayes. Mr. Mitchell was unable to be there. Also attending were Mr. Young, the actuary, and Mr. McKinny, the Secretary.

The members welcomed Mrs. Colburg to her first meeting of the Board and wished her much success as Superintendent of Public Instruction.

The minutes of the March meeting, having been in the hands of the members prior to the meeting, were approved on a motion by Mr. Burke and a second by Mr. Hayes.

The Secretary presented his work report and reviewed the Financial Statement and the investments for the past quarter. They were ordered placed on file on a motion by Mrs. Colburg and a second by Mr. Hayes.

The following payrolls for the 3rd quarter of 1969, in the approximate amounts, were approved on a motion by Mr. Hayes and a second by Mr. Burke.

Retirement Payroll	approximately	\$269,000	per month
Office Payroll	"	3,780	" "

The Board next reviewed the business remaining from past meetings and the Secretary reviewed the status of the new office building and after a discussion on the need for additional land for parking space, the Secretary was instructed to purchase at least two additional lots or all of the Hugh Adair property, if possible, on a motion by Mr. Burke and a second by Mr. Hayes.

Turning to the new business at hand, the Secretary was instructed to renew the lease on the present quarters at the same annual rate (\$6,000) or to find other suitable space, on a motion by Mr. Hayes and a second by Mr. Burke.

With the new accounting system being installed, which would calculate the interest at each posting, the interest rate had to be set for the 1969-70 fiscal year. The Secretary reported an anticipated rate in excess of 5 per cent on total assets for 1968-69 and Mr. Hayes moved that the Secretary be instructed to draw up a Resolution setting the interest rate on teacher's contributions at 5 per cent for the fiscal year 1969-70. Mrs. Colburg seconded the motion which was approved.

The Secretary then reviewed the following budget for the 1969-70 fiscal year. The budget for operation and cost was the same as proposed and passed by the 1969 legislature. The operation and capital budget was approved on a motion by Mr. Burke and a second by Mrs. Colburg.

Operation and Capital (1969 Legislative session)      \$105,950.00

Supplies & Materials	\$ 4,100.00
Communication	4,950.00
Travel	5,800.00
Contracted Services	15,800.00
Special Fees	6,550.00
Maintenance	2,750.00
Capital Equipment	<u>66,000.00</u>
	\$105,950.00

The Secretary reviewed the salary adjustments for the 1969-70 fiscal year and noted that his salary was less than the Board had suggested to the legislature and that it had been lined at \$13,800.

The following salary adjustments were approved on a motion by Mr. Burke and a second by Mr. Hayes:

J. Hugh McKinny	\$958.33	to	\$1,150.00
Thomas E. Schneider	766.67	to	900.00
Dorris Morris	470.00	to	520.00
Elsie Wilcox	445.00	to	470.00
Elizabeth Steen	425.00	to	475.00
Sarah Vaessen	365.00	to	415.00
Margaret Ramberg	350.00	to	400.00

With employer's contributions, annual personal services total: \$56,878.49

The Board next considered a mortgage on a Best Western Motel in Miles City to be built by William Evans with a 90 per cent (90%) guarantee by the Small Business Administration. The Secretary reported the loan would be about 75 per cent of the value of the motel and total approximately \$350,000 with SBA always insuring 90 per cent of the unpaid balance and in the event of foreclosure, the System's principal would be recovered prior to an SBA claim. The net yield to us would be 8 per cent. After a discussion on the need for this type of loan, Mr. Burke moved the approval of the loan. Mr. Hayes seconded and it was unanimously approved.

The Board next considered the approval of the Secretary's request to attend the NEA Convention in Philadelphia July 3-5 and permission was granted on a motion by Mr. Hayes and a second by Mrs. Colburg.

The Board then considered the Secretary's request for permission to send Mr. Schneider to the second and final year of the Mortgage Banking School at Ohio State University from August 11-15. Mrs. Colburg moved that permission be granted. Mr. Burke seconded the motion which was approved.

The following applications for retirement allowance were approved on a motion by Mr. Hayes and a second by Mr. Burke:



		<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt.</u>
1.	Baker, Nellie I.	Roosevelt	60	5 $\frac{1}{2}$	9	\$ 5,288.22	\$ 77.34	1
2.	Bayliss, Berenice	MSU	67	6	19 $\frac{1}{3}$	10,666.67	243.54	3
3.	Bonebright, Grace E.	Roosevelt, VR	60	6	14	5,015.00	92.53	1
4.	Carter, Grace	Powder River	60	7	29	6,017.00	185.32	2
5.	Grove, Charlotte B.	Phillips	70	5	27 $\frac{1}{9}$	5,466.67	157.15	1
6.	Kelson, Shirley M.	Toole, VR	60	4	16	5,111.67	95.26	2
7.	Lee, Ethel K.	Pondera	60	6 $\frac{1}{3}$	10 $\frac{5}{9}$	4,863.33	84.10	1
8.	Roll, Stilden	Flathead	63	11	31 $\frac{1}{2}$	5,375.00	198.81	2
9.	Slavens, Violet S.	Vested Rt	60	7	16	3,453.33	78.42	1
10.	Arnold, Aden	U of M	67	10	26	13,500.00	445.78	1
11.	Anderson, Faye	Ystone	65	16	29	11,103.33	439.44	1
12.	Bosworth, Grace	Lincoln	70	17	20	9,180.00	320.82	2
13.	Bujok, Rose M.	Musselshell	60	3 $\frac{2}{3}$	22	5,300.00	122.52	1
14.	Crouch, Beulah L.	Big Horn	61	3	20 $\frac{1}{2}$	7,235.00	144.92	1
15.	Douglas, Mildred	Custer	65		19	7,160.00	116.44	1
16.	Elnes, Helen E.	Hill	65	10	23	7,332.00	237.18	1
17.	Forseth, Myrtle	Ystone	62	7	28	8,011.67	251.57	1
18.	Gillespie, Ethel W.	Glacier	70	3	19 $\frac{1}{2}$	6,012.33	127.96	1
19.	Haines, K. W.	Park	65	10	32	12,830.67	307.91	3
20.	Harrington, Lillah A.	Silver Bow	70	16	32	11,334.82	434.11	2
21.	Hodges, Ivan H.	Hill	62	5	32	9,416.67	298.72	1
22.	Hodges, Inez M.	VR, Hill	60	5	12 $\frac{3}{4}$	6,125.00	103.01	1
23.	Humphrey, Edith E.	Flathead	65		27	5,536.67	132.55	1
24.	Johnson, Wilhelmine M.	Ystone	60		17 $\frac{1}{2}$	7,995.00	115.18	2
25.	Klick, Jessie M.	Custer	69	8	30	5,885.00	208.33	1
26.	Leary, Geraldine H.	L & Clk	62	5	15	8,136.67	129.07	5
27.	Leonard, Opal C.	Ystone	66	17	18	8,983.33	318.37	1
28.	Long, Everett W.	Sanders	61	3	32	10,613.33	248.27	5
29.	McDowell, Shirley	Liberty	62	6	26	8,425.00	225.89	2
30.	McGrath, Rita	Silver Bow	65	11	32	10,649.87	382.47	1
31.	Mittal, Eva E.	Cascade, VR	60	6	22	4,500.00	116.77	1
32.	Murphy, Mildred	Glacier	62	2 $\frac{2}{3}$	15 $\frac{2}{3}$	6,187.33	101.78	1
33.	Nelson, Hazel O.	Lincoln	62		13 $\frac{1}{9}$	8,171.67	91.78	1
34.	Nelson, Martha J.	Beaverhead	64	7	24	7,008.66	177.30	3
35.	O'Donnell, Mary A.	Deer Lodge	68	16	32	6,783.33	292.23	1
36.	Ogren, Cynthia G.	Jefferson	65	7	20 $\frac{1}{2}$	6,466.00	164.19	1
37.	Plummer, Alice S.	Msla	63	8	19	8,411.33	214.17	1
38.	Richardson, Emerson	Sanders	67	11	32	7,780.00	191.55	3
39.	Rodeberg, H. E.	MSU	63	8	31 $\frac{1}{2}$	16,539.33	459.83	5
40.	Rogers, Marjorie S.	Custer	67		18 $\frac{1}{2}$	4,916.67	81.59	1
41.	Ryan, Ruth B.	Ystone	66		25	7,960.33	161.57	1
42.	Shea, Mary H. C.	Deer Lodge	63	7	32	9,033.33	298.84	1
43.	Shively, Clarence C.	L & Clk	63	10	32	9,956.67	303.87	5
44.	Smith, Nellie	Fergus	69	15 $\frac{1}{2}$	30	6,933.33	267.38	1
45.	Turnwall, Esther G.	Liberty	60		17	5,880.00	82.31	1
46.	Voldal, Erling	Valley	65	11	32	10,033.33	362.68	2
47.	Warner, Elizabeth	Ystone	67	13	23	8,333.33	240.24	3
48.	Wylie, Robert H.	Hill	65	5	32	11,883.33	293.44	5
49.	Youngman, Norma E.	Silver Bow	64	10	15	8,688.34	206.44	1
50.	Bailey, Audrey E.	Carbon	65	9	26	7,300.00	241.36	1

51.	Blakeslee, George	Msla	65	10	32	11,803.00	373.44	4
52.	Boepple, Lielah L.	Lincoln	66	9 $\frac{1}{2}$	30	8,973.33	301.65	1
53.	Eyde, Viola	Silver Bow	61		22	5,296.74	98.13	1
54.	Garber, Elma N.	Lake	61	3	23 $\frac{1}{4}$	7,160.00	160.60	1
55.	Giannini, Ruby M.	Cascade	61	9	23 $\frac{1}{2}$	5,033.33	158.78	1
56.	Huntsinger, Genevieve	Flathead	65	11	23	9,670.67	302.25	2
57.	Kreger, Helena	Yellowstone	65	13	23 $\frac{1}{2}$	6,248.33	225.74	1
58.	Lambert, Florence	Flathead	62		32	9,284.00	231.26	1
59.	LaRowe, Anna	McCone	67	10 $\frac{1}{2}$	27	7,226.67	245.11	1
60.	Mell, Neville T.	Richland	68		22	4,150.00	92.34	1
61.	Olson, George	Missoula	62	1 5/6	35 2/3	9,661.67	280.81	1
62.	Schuster, Ethel C.	Big Horn	65	10	27	8,606.67	290.40	1
63.	Stewart, Myrtle A.	Silver Bow	66	12	32	9,230.18	344.76	1
64.	Zimdar, Dortha J.	Yellowstone	70	4	15	7,900.00	146.65	1
65.	Clow, Bertha C.	MSU	66	10	29	5,500.00	192.98	1
66.	Roscoe, Marguerite K.	VR, Ystone	60	2 2/9	18	4,426.67	80.27	1
67.	Orr, Alice H.	VR, Carbon	60		11	4,758.33	47.26	2
68.	Emmett, Margaret	VR, Gallatin	60	5	5 1/9	5,711.67	60.04	2

The following applications for disability benefit were approved following a motion by Mr. Burke and a second by Mr. Hayes:

1.	Elizabeth A. Hanson (arthritis & heart)	Ystone	47	28	\$9,266.67	\$278.00
2.	Frank Millard (hearing loss)	Ystone	58	13	9,588.33	199.76

The following applications for survivor's benefits were approved following a motion by Mr. Burke and a second by Mrs. Colburg:

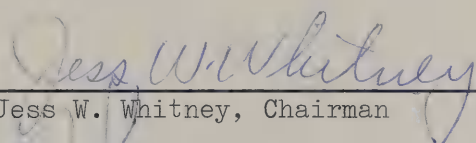
1.	Joseph Krantz age 62 <u>Benefit: \$178.20</u>	Survivor of Florence Krantz, Silver Bow age 62 PS: 6 yrs. MS: 14 $\frac{1}{2}$ yrs. Average salary \$8,085.67 ASF 4,520.89
2.	Janet Redgren age 50 <u>Benefit: \$66.01</u>	Survivor of William A. Redgren, Richland age 54 MS: 11 $\frac{1}{2}$ yrs. Average salary \$8,250.00 ASF 4,286.47
3.	John F. Vest age 62 <u>Benefit: \$53.85</u>	Survivor of Helen Vest, VR, Custer age 58 PS: 4 yrs. MS: 10 yrs. Average salary \$3,003.33 ASF 1,861.28

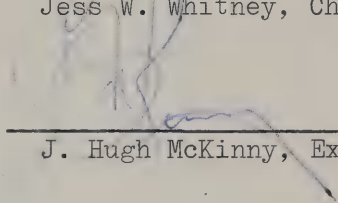
Since this was the last meeting of the Board in fiscal 1968-69, the Board



proceeded to its organization for the coming year. Mr. Burke moved that Mr. Whitney be retained in his position as chairman. Mr. Hayes seconded the motion which was unanimously approved. Mr. Burke moved that Mr. Hayes be installed as vice-chairman. Mrs. Colburg seconded the motion which also was unanimously approved.

The next meeting of the Board was set for nine o'clock, Saturday morning, September 20, 1969, subject to change or subject to any special meeting needed for approval of building plans. The meeting adjourned on proper motion and second at 12:10 p.m..

  
\_\_\_\_\_  
Jess W. Whitney, Chairman

  
\_\_\_\_\_  
J. Hugh McKinny, Executive Secretary

Executive Secretary's Report  
May 10, 1969

We have sixty-eight applications for retirement ready for approval at this meeting. This is a larger number than last year and I assume it is because of the number of teachers who taught an extra year to take advantage of the removal of the salary ceiling. The average age of our retiring teachers is still sixty-four. It is a fraction lower this year than last. Of course, the average salaries are higher than ever as are the average benefits. The overall average salary for the group is \$7,820 with an average benefit of \$217. The average benefit of teachers with thirty-five years of service, regardless of option, is a healthy \$302. We will have at least another seventy-five applicants before the summer is over.

We have been working very hard for the past three weeks in the preparation for our new posting equipment. We weren't able to order it until the 14th of April even though we had legislative approval. The acting controller did not want to issue a purchase order on his own authority so it cost us about a month's time. To speed the work up, we decided to head our new ledgers by punch card. This has become a time consuming task as every ledger sheet must be coded, then typed on a form so that the date processing people can punch the cards. After the printout, we will have a tough job of proofing to do. We now have all of the coding done and we are all typing forms. We should get our first two trays to the Center next week. This is the first overtime the girls have had to put in since the summer of 1962 when we put in the last system. We have to work nights as I feel we have to keep right up to date on our other work and this we have been able to do.

My travel the past two months has been to Corvallis and St. Regis for speaking engagements and to Kalispell and MSU to do estimates. Tom did estimates in Deer Lodge and made his regular quarterly trip to Eastern to speak to Dr. Hopkins' class.

During the last two months we have invested in the following mortgages:

Western Montana Bank	\$145,000.00	7½	@ 96
Union Bank & Trust Co.	65,000.00	6 3/4	@ 90
Union Bank & Trust Co.	258,000.00	7½	@ 97
Guaranty Company	133,450.00	7½	@ 96
Streeter Bros.	72,000.00	7½	@ 95
Security Bank, Billings	249,486.03	7½	@ 97

During the last two months we have invested in the following corporate bonds:

Union Tank Car Trust Equip	\$100,000	7 5/8	@ par	Halsey, Stuart
Commercial Credit Co.	50,000	4½	@ 83½, yld 8%	Drexel, Harriman, Ripley
U. S. Shoe Co.	100,000	7½	@ 99 1/8	W. E. Hutton
L & N Equip Trusts	100,000	7's	@ par	Salomon Bros. & Hutzler

## Dormant to Dormant PAF

July 1, 1969

Amdahl, Margaret B.	\$ 325.32	DeJonge, Elizabeth	129.68
Amoss, Ella B.	65.45	De La Luz, Teofila G.	34.90
Amsden, Anne M.	350.13	Delaney, Karen J.	215.44
Amundson, Florence	154.04	Deleo, Vivian D.	29.64
Anacker, Robert L.	4.08	Del Guerra, Claire V.	48.58
Anderson, Dorothy	10.46	De Martino, Gabriel	2.26
Anderson, Shirley	405.83	De Vries, Arthur L.	99.77
Bahnmler, Ann M.	668.32	Dolman, Sue	86.02
Bakker, Gladys	955.03	Donaldson, Edwin	12.80
Ballou, Jean C.	1,705.22	Donanville, Elsie M.	971.10
Baseheart, John B.	56.20	Draine, Bernice	27.32
Beatty, Margaret S.	424.64	Drury, Marjorie	58.83
Becklin, Joy	207.17	Ducoff, Ronald M.	85.82
Bell, Bernice	29.18	Dudley, Marilyn	7.19
Bennett, John H.	169.14	Duncan, Bonia	172.40
Berry, Nellie	1,208.74	Dunkle, Frank H.	381.89
Betsky, Sarah	292.56	Earl, S. A.	19.34
Bewley, Shelby	480.46	Eberling, Antonette F.	533.04
Bigelow, Grace K.	355.16	Endrud, Marilyn G.	536.86
Billings, Teresa	6.69	Engstrand, Alice P.	30.54
Birgenheier, Mary L.	184.15	Evans, Marcella	191.67
Blom, Barbara Ann	302.59	Faechner, Joyce E.	98.09
Boe, Bonnie	196.88	Fairhurst, Marcia K.	130.65
Bohn, Edna	336.37	Fast, Ruth	270.72
Bossert, LaVina M.	152.84	Fee, Barbara	7.73
Bott, David	231.25	Fitzgerald, Frank J.	566.49
Bowman, Joan R.	188.29	Flesche, Dorothy	547.89
Brask, Marilyn	20.64	Freier, Agnes	41.71
Brown, Lena E.	836.46	Gadaire, Arthur	670.00
Brown, Rosemary	7.96	Galloway, Gordon C.	5.75
Brush, Jeane C.	20.56	Garry, Margaret C.	53.03
Bunston, Dorothy	273.54	Gerber, Judith Anne	1,088.89
Burd, Lou Ann	63.43	Gibson, Patricia	25.00
Burton, Mildred	522.40	Ginnaty, Marcella R.	135.13
Bush, Kenneth H.	15.94	Glennie, Jean J.	224.57
Campbell, Pauline	547.77	Glover, Lucille	234.21
Canton, Teresa C.	172.05	Goetz, Anora U.	112.36
Carrell, James E.	547.18	Goltz, Ruby W.	188.23
Chapman, Betty Jean	220.01	Gonzales, Frank	19.57
Chen, Chung Hwan	131.84	Goodman, Phyllis A.	92.30
Cisna, Selma A.	206.45	Gordon, Betty	4.57
Claar, Marietta	117.38	Graham, Charles P.	126.59
Clinkingbeard, Bert C.	56.20	Green, Virginia L.	153.97
Collins, Edith M.	191.08	Greenwood, Barbara Ann	2,228.67
Conner, Laura E.	196.16	Gronbeck, Julia Ann	187.71
Cook, Guri Ann	1,689.58	Groneman, Shirley Ann	212.58
Cotton, Betty W.	483.94	Hancock, Mary K.	284.50
Craig, Margaret	83.98	Hansen, Frances	15.00
Curry, Marjorie K.	1,152.00	Harms, Marie H.	552.35
Dahlin, Richard L.	20.18	Harrison, Daryl	576.65
Dean, Joanne	56.40	Hart, Marifoy S.	481.14



Hasermehl, Gordeane	22.33	McCleave, Paul B.	18.50
Hausser, Margaret	13.50	McDonald, Leah G.	201.10
Hazard, Thomas P.	154.56	McDonald, John William	34.33
Heberly, Margaret H.	40.90	McMahon, Stephen	77.56
Helgoe, Orlin	26.01	McNutt, W. Priscilla	181.01
Hergenrider, Margie L.	235.02	Majerus, Florence C.	442.50
Herron, Olive R.	206.70	Malmstad, Betty	17.78
Hilliard, LaDonna	20.50	Mandeville, Helen L.	41.85
Hiner, Glenn E.	2,355.03	Massengill, Luke T.	3.01
Holt, H. L.	233.14	Matson, Thelma B.	200.99
Hornsby, Jane	169.79	Mead, Heidi	2.25
Hotes, Ardis	219.28	Mehl, Michelle V.	975.50
Huckins, Sarah C.	25.38	Miller, Helen B.	650.16
Hudson, Mary E.	554.77	Miller, Irene C.	730.73
Humbert, Janice M.	175.20	Mockel, Myrtle J.	290.03
Hutchison, Mary	351.73	Mogus, Madeline Agnes	195.77
Iverson, N. Milton	66.69	Morley, Esther R.	1,411.99
Jacobson, Donald J.	430.14	Naumann, Vicki J.	14.50
Johnson, Collette M.	265.70	Neary, Joyce	80.39
Johnson, Gene W.	73.10	Neifert, Kathryn	62.50
Johnson, Janice S.	255.12	Nelson, Lois	15.93
Johnston, Dorrance M.	86.18	Nilan, Thomas B.	294.56
Johnston, Maretta M.	99.23	Nordlum, John	60.26
Jonas, Edna	434.13	Nottingham, Phyllis J.	104.06
Jones, Dorothy E.	40.64	Nydam, Lorean L.	37.87
Kammerer, Edward J.	579.20	Nyhill, Elizabeth M.	74.38
Kammerer, Ruby Mendoza	505.00	O'Dell, Donald R.	6.55
Kaschube, Norma E.	117.57	Ogdahl, Arlene	85.81
Keefer, Winifred B.	18.15	Oppleman, Dan L.	168.66
Kilmer, Mattie	5.66	Ortloff, Carl	15.50
King, Keith	102.94	Ossello, Madeline	219.67
Koenig, Carolyn Lee	251.47	Ott, Mary Lou	498.85
Kolesar, James F.	223.67	Overholser, Laura S.	201.29
Konning, Charles	24.33	Owsley, Patti	150.64
Korang, Mary Lu	171.79	Parr, Arlinda P.	942.22
Krook, Carole E.	1,131.57	Pehlke, Beryle	28.26
Lamb, Carl C.	1,669.42	Pelette, Douglas L.	13.29
Lammers, Ruby N.	386.89	Peterson, Janet	21.00
Larson, Agnes	403.01	Peterson, Marilyn L.	253.52
Larson, Dorothy M.	188.98	Pilgrim, Edna L.	383.28
Larson, Nancy Dee	376.68	Ponich, Patricia J.	231.14
Larson, Stella M.	183.55	Poole, Reuben	268.99
Le Brun, Douglas G.	1,117.52	Potter, Clara A.	274.71
Lewis, Charles H.	22.55	Preston, Nancy A.	265.70
Lien, Prudence	17.79	Previs, Arthur L.	2,136.52
Lindh, Craig J.	39.06	Price, Mary	78.09
Lindstrom, Maxine E.	872.99	Pritchard, Gretchen	206.51
Livingston, Beatrice N.	274.84	Pugh, Richard N.	1,054.84
Logan, Marilyn Anne	205.58	Rahier, Hanna J.	600.85
Long, Rhea E.	415.64	Rambur, Delores Mary	154.32
Lorenz, Howard W.	118.82	Rash, Marion M.	883.01
Lord, Ruth J.	1,097.94	Ray, Margaret	286.06
Luebben, Dougan C.	512.69	Redmond, Hattie	23.62
		Reed, Mary J.	58.58

Rees, Carolyn	298.90
Reynolds, Olga	285.55
Richardson, Edwin H.	667.07
Ries, Joanne D.	81.55
Rohrbaugh, Earl L.	2,612.63
Rowland, Charles Lee	237.00
Rowland, Lorene C.	202.69
Ruff, Robert L.	68.32
Sabbe, Katherine J.	474.24
Salter, Katherine C.	175.20
Schafer, Earle W.	1,694.00
Schiels, Rosemary	24.16
Schmiedeskamp, Mary C.	126.05
Schurman, Marlene J.	163.43
Seifert, Shirley J.	341.32
Shaudys, Vincent K.	1,684.19
Sheaff, Marleigh	23.67
Shelden, Robert M.	28.40
Shelden, Ruth V.	1,302.78
Shervin, Donna L.	107.10
Shyne, Jane	4.78
Silvan, Muriel L.	180.32
Simac, Patsy J.	181.48
Siroky, Betty J.	761.47
Solem, Arthur	22.64
Spencer, Curtis	166.52
Stephens, Beulah	16.25
Sterr, Anna	774.06
Stoner, Rita	174.89
Strain, Shirley A.	204.69
Straugh, Virginia	42.56
Stuart, Mabel	941.15
Stubbans, Gladys	1,941.55
Sweeney, Willard	167.42
Swendseid, Anne M.	268.53
Sykes, Charles B.	31.00
Taylor, Ella B.	1,381.33
Thoeny, Frances	44.09
Thomas, Larry	43.88
Thompson, Gene	4.94
Thompson, Phyllis F.	111.26
Thorpe, Lois	223.62
Timnik, Mrs. Victor	27.00
Tomlin, Shirley T.	116.57
Townsend, Lois	59.61
Trulson, Thelma	175.46
Turley, Royal J.	1,131.64
Unruh, Evelyn	176.63
Unterseher, Geraldine	91.24
Ury, Renata M.	240.54
Varner, Mabel	79.63
Walker, Laura	12.50
Walling, Virginia L.	168.47
Ware, Florence V.	220.72
Warning, John	50.64

Watt, Ruth	731.74
Wedel, Carol Ann	171.97
Welch, Harvey L.	92.19
Whalen, Audrey	145.90
Whaley, Grace S.	200.68
Whaley, Robert Jeffries	200.68
White, Pauline J.	189.17
Whitlock, Karen	91.69
Widholm, Antoinette M.	650.36
Wiita, Esther J.	169.90
Yahvah, Bernice A.	55.61
Youdan, Raymond	640.70
Yule, Jamie B.	909.20
Zenk, Arnold E.	82.60
Zimmer, William H.	269.04
	<u>\$88,870.17</u>

July 1, 1969

Resolution No. 53

BE IT RESOLVED that the interest rate of five per cent (5.0%) be allowed on the annuity savings funds of The Teachers' Retirement System and that the Actuary be instructed to use an interest rate of four per cent (4%) together with the 1965 mortality and disability and withdrawal assumption to determine the amounts of the reserves for all active members and that the three per cent (3.0%) 1937 standard annuity tables be the basis for all retired members.

Jess W. Whitney  
Jess W. Whitney, Chairman

Salaries Calling

James E. Burke

David L. Conant

Leo Saper



RETIREMENT BOARD MEETING  
September 20, 1969

The meeting was called to order by the Chairman, Mr. Whitney, at 9:00 a.m.. In attendance were members Mrs. Colburg, Mr. Hayes, Mr. Burke and Mr. Caruso. Also in attendance were Mr. Young, the actuary, and Mr. McKinny, the executive secretary.

The Chairman, on behalf of the Board, extended congratulations to Mr. Caruso on his appointment to the Board and hoped he would find the same satisfaction in attending the meetings as the rest of the membership.

The minutes of the last meeting, having been in the hands of the members prior to the meeting, were approved following a motion by Mrs. Colburg and a second by Mr. Burke.

The Secretary presented his work report for the past quarter and introduced Mr. John McPike of Moody's who has replaced Mr. Brown as the contact man for the System. Mr. McPike presented a very comprehensive picture of the present corporate market.

The following payrolls for the 4th quarter of 1969 were approved on a motion by Mr. Hayes and a second by Mr. Burke:

Retirement	approximately	\$335,000.00	per month
Office	"	4,330.00	per month

At this point, Mr. Campeau, the architect, joined the meeting and showed the final plans for the office building. On a motion by Mr. Burke and a second by Mrs. Colburg, the plans were accepted by the Board and the architect was instructed to proceed with the advertising for bids to construct the building.

The Board then proceeded to the new business at hand and considered Mr. John Wenger's request to have the interest, which he lost at the time of his withdrawal, returned to his account now that he has redeposited the funds he previously withdrew. After a thorough discussion, Mr. Hayes moved the Secretary be instructed to transfer the interest back to any teacher, who had withdrawn and redeposited, at the time he completes the redeposit. Mr. Burke seconded the motion which was approved.

The Board next considered a request by Byerly-McClurg, insurance brokers, for the System's endorsement of a group decreasing term insurance plan of Prudential Life Insurance Company, which is used in conjunction with the Colorado Retirement System. After a complete discussion, it was decided on a motion by Mr. Hayes and a second by Mr. Burke to take no action on the program at this time.

The Board next considered the Union Bank & Trust Company's mortgage offering on a new town house apartment building to be built by Mr. Lester in the same area and of the same style as the other apartment on which the System

holds the mortgage. After a discussion of the potential value of the apartment building, Mr. Caruso moved the purchase of the mortgage at 8 7/8 per cent net. Mr. Hayes seconded the motion which was approved.

The Board next considered the Security Bank's offering of numerous mortgages on houses to be built by C & M Construction Co. of Billings on school property and leased to the school district. Mr. Hayes questioned the legality of a long-term lease and Mr. Burke moved that the Secretary request an Attorney General's opinion before proceeding further. Mr. Hayes seconded the motion which was approved.

The Board then considered the Secretary's request to attend the annual convention of the National Council on Teacher Retirement in Seattle September 29 - October 3, 1969. Mr. Hayes moved that permission be granted. Mrs. Colburg seconded the motion which was approved.

The following applications for disability benefits were approved on a motion by Mr. Hayes and a second by Mr. Burke:

	<u>county</u>	<u>age</u>	<u>CS</u>	<u>average salary</u>	<u>benefit</u>
1. Mary G. Bassett (arthritis)	Ystone	54	12	\$8,301.66	\$172.95
2. Doris Freeman (diabetes)	L & Clk	58	35 2/3	8,080.00	308.77
3. Jessie L. Harmon (heart)	Park	59	12 1/9	5,433.33	113.19
4. Edith Sagunsky (rheumatoid arthritis)	Madison	55	11	5,766.67	120.14
5. Margaret A. Saylor (amputation of leg)	Ystone	51	15	7,961.66	165.87
6. Agnes Sekora (rheumatoid arthritis)	Ystone	59	39	7,343.33	306.85
7. Lois Levesque (convulsive seizures)	Msla	53	33 1/2	8,411.33	301.91
8. Inez Reynolds (cystic hyperplasia)	Madison	43	14	5,070.00	105.63

The following applications for survivor's benefits were approved on a motion by Mr. Burke and a second by Mrs. Colburg:

1. Ethel M. Harsch	Survivor of Henry Harsch, Ystone
age 57	age 59
<u>Benefit: \$237.95</u>	PS- 4 yrs. MS- 29 yrs
	Average salary \$10,008.33
	ASF 10,184.33

- |  |   |
|--|---|
| 2. Esther E. Johnson<br>age 55<br><u>Benefit: \$502.84</u> | Survivor of Leon H. Johnson, MSU<br>age 61<br>PS- 5 yrs. MS- 26 yrs.<br>Average salary \$27,466.67<br>ASF 11,661.39               |
| 3. Virginia W. Watts<br>age 60<br><u>Benefit: \$258.53</u> | Survivor of Earl O. Watts, Madison<br>age 60<br>PS- 8 yrs. MS- 30 $\frac{1}{2}$ yrs.<br>Average salary \$7,549.33<br>ASF 9,882.56 |
| 4. Leola P. Price<br>age 65<br><u>Benefit: \$110.16</u>    | Survivor of Charles B. Price, Eastern<br>age 67<br>MS- 13 $\frac{1}{2}$ yrs.<br>Average salary \$11,200.00<br>ASF 5,874.64        |
| 5. Maple Holmquist<br>age 56<br><u>Benefit: \$223.15</u>   | Survivor of Don R. Holmquist, Park<br>age 55<br>MS- 31 yrs.<br>Average salary \$10,225.83<br>ASF 10,023.89                        |

The following applications for retirement benefits were approved on a motion by Mrs. Colburg and a second by Mr. Burke:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt.</u>
1. Anderson, Charlotte	Ystone	65	13	32	\$11,821.67	\$443.37	1
2. Anderson, C. R.	Western	67	17	27	14,347.33	504.67	5
3. Anderson, Faye	Ystone	65	16	29	11,270.00	445.00	1
4. Anderson, Frances C.	Pondera	62	6	20	7,501.67	154.75	3
5. Ashcraft, Matilda	VR, Sanders	64	8 $\frac{1}{2}$	9	5,340.00	99.80	1
6. Baker, Rose	Chouteau	69		11	4,428.00	44.91	1
7. Bansch, Dorothy G.	L & Clk	64		21 $\frac{1}{2}$	7,490.00	123.78	2
8. Barrett, Sylvia	Musselshell	63	11	14 $\frac{1}{2}$	6,850.00	173.91	1
9. Bartlett, Francis E.	Lake	65	4 $\frac{1}{9}$	32	9,700.00	388.88	2
10. Benjamin, Katherine	Silver Bow	70	3	30	8,371.30	218.19	2
11. Berge, Nels W.	Sanders	61		35	8,232.67	223.82	2
12. Bock, Dan A.	Ystone	67	11	30	8,466.67	313.47	1
13. Bogart, Carolyn M.	Dawson	65	14	25	7,280.00	263.47	1
14. Brekke, T. H.	Ystone	65	11	29	8,856.67	308.27	2
15. Buirge, Barbara W.	Ystone	65	10	25	8,178.33	275.17	1
16. Callaghan, Josephine	Lake	66	14	32	8,266.67	306.73	5
17. Cabrin, Myrle A.	L & Clk	61	2	6 $\frac{2}{9}$	3,807.50	29.36	1
18. Christensen, Pearl I.	Custer	62	12.7	1.5	4,350.00	57.10	1
19. Cornn, Tilford	Pondera	65	10	32	7,931.67	268.29	4
20. Cox, Gem Eldo	Lake	66	10 $\frac{1}{2}$	24	8,633.33	303.62	1
21. Crandell, Alvina	Valley	63	2	16	7,216.67	105.41	2
22. Drew, Vivian	Custer	63	9	32	7,576.67	265.90	1
23. Eastlick, Lillian E.	Stillwater	62	4	4	5,122.67	47.56	1
24. Engh, Charlotte	L & Clk	62	6	22	8,553.33	201.00	1



25.	Ensrud, Helmer B.	Hill	61		15	13,816.67	153.70	4
26.	Erickson, Mabel E.	Silver Bow	66	11 7/9	32	9,714.12	358.00	1
27.	Eyde, Viola	Silver Bow	61		22	5,458.28	96.90	2
28.	Fletcher, Blanche	Gallatin	68		23	7,216.67	119.03	3
29.	Finlayson, Anna J.	Pondera	64	8 $\frac{1}{2}$	25	7,931.67	251.80	1
30.	Forswall, Alfreda R.	MSU, VR	61	2	12	3,700.00	50.67	1
31.	Fystrom, Adelaide A.	Eastern	60		25	11,592.67	214.25	1
32.	Gee, Margaret E.	Gallatin	69	16 2/9	32	8,191.66	338.93	1
33.	Gerry, Marie D.	Silver Bow	66	13 2/9	14 $\frac{1}{2}$	6,826.13	187.00	1
34.	Gerstenberger, Al J.	Flathead	65	8 5/9	32	9,280.33	262.11	4
35.	Gibson, Katherine E.	Ystone	61	4	17	8,095.00	155.57	1
36.	Giebel, Fern	Chouteau	70	9	26	5,416.67	156.55	3
37.	Grant, Rita M.	Lake	62	4 $\frac{1}{2}$	11	4,666.67	72.09	1
38.	Gray, Alma E.	Big Horn	65	6 2/9	18	8,563.00	197.35	1
39.	Harpel, Ruth	St. Dept.	65		29	12,333.33	280.42	1
40.	Haugen, Gurine H.	Ystone	60	5	14	6,185.00	104.24	5
41.	Hefty, S. O.	Pondera	61	8	32	11,800.00	356.07	5
42.	Helbing, Albert T.	U of M	70		29	14,966.67	276.80	5
43.	Herink, Marguerite	Ystone	65	5	15	7,634.33	151.61	5
44.	Holm, Beulah	Roosevelt	68	1	16	4,691.67	73.76	1
45.	Hughes, Lucille	Carbon	61	11	24	4,133.33	139.80	2
46.	Huntsinger, Genevieve	Flathead	65	11	23	9,670.67	304.49	5
47.	Johnson, Ione B.	Hill	65	10	29	8,342.00	296.44	1
48.	Johnson, Milton E.	Ystone	67	10	22	14,990.67	313.23	3
49.	Jorgenson, Lenore A.	L & Clk	66	10	22	7,490.00	236.74	1
50.	Keyes, Everett A	MSU	66	2	30	12,660.00	293.95	5
51.	Kramer, Sadie C.	Wibaux	63	7	16	4,425.00	83.29	3
52.	Lorentzen, Veryl	Ravalli	61	3	16	6,216.67	108.02	1
53.	Lundborg, Elsie	L & Clk	65	5	12 $\frac{1}{2}$	8,303.33	130.98	1
54.	Lundquist, Ben	Cascade	60	11 $\frac{1}{2}$	24	10,833.33	348.94	1
55.	McDonnell, Astrid	Silver Bow	62	2 $\frac{1}{2}$	24	8,527.35	190.90	2
56.	McDonough, Rophilia N.	Ystone	61	7	20	8,353.33	190.86	3
57.	McGee, Ruth M.	Silver Bow	64	12	22	9,617.34	313.43	1
58.	McGregor, Eugenie F.	L & Clark	66	4	22	9,156.67	218.14	1
59.	McGregor, Helen B.	Silver Bow	66	11 7/9	32	9,538.54	351.77	1
60.	McKenzie, Gladys	VR, Fallon	60	4 $\frac{1}{2}$	19 $\frac{1}{2}$	3,878.33	82.43	2
61.	McNiven, Bernice C.	Park	67	8	20	5,095.00	148.53	1
62.	McVey, Lucile E.	Fergus	63	8	11	5,239.00	89.37	5
63.	Mack, Mabel	Jefferson	68		16	5,317.00	76.66	1
64.	Mains, Eva S.	Ystone	61	8	22	8,078.33	217.85	6
65.	Markin, E. George	L & Clk	62	6	30	9,156.67	282.38	2
66.	Marron, Nancy	Sheridan	62	4	6	4,750.00	48.54	1
67.	Marshall, Doris M.	L & Clk	65		32	9,103.33	226.94	2
68.	Marvin, Edwin L.	U of M	70	4	32	14,933.33	349.30	5
69.	Meagher, Eleanor	Silver Bow	66	12 $\frac{1}{2}$	32	9,806.17	360.38	2
70.	Merrell, Hilma M.	Beaverhead	67	8	12	5,251.67	110.25	1
71.	Mitchell, Cornelia D.	Ystone	62	5	32	8,850.00	233.18	3
72.	Mueller, Eva G.	Gallatin	68		26	8,146.67	179.48	1
73.	Murphy, Marion J.	Cascade	68	4	12 $\frac{1}{2}$	4,966.67	83.08	1
74.	Nelson, Myrtle E.	Cascade	66	10	29	8,800.00	300.64	1
75.	Nickey, Louise K.	Gallatin	67	13	14 7/9	6,783.33	193.01	1

76.	Ogren, Ruth G.	L & Clk	61		15	7,391.67	82.03	3
77.	Pack, Marjory Lura	Flathead	62		15	5,716.66	72.25	1
78.	Peshia E. Leola	Gallatin	65		29	7,216.67	200.57	1
79.	Peterson, Esther G.	Gallatin	64	13	17	7,316.67	218.30	2
80.	Pile, Mae A.	Ystone	66	14	21	8,326.67	292.74	1
81.	Pollard, Sarah W.	Ystone	64	7	27	8,011.67	243.87	2
82.	Prescott, Artie Lee	Ravalli	69	2	10	3,533.00	42.84	1
83.	Radcliffe, Jennie W.	McCone	61		19 2/9	5,453.33	82.57	2
84.	Roberts, Lester R.	Ravalli	62	9 1/4	6	8,023.33	99.95	3
85.	Rodgers, Alice K.	Cascade	64	9 2/9	32	7,876.00	277.20	1
86.	Reeder, Rhoda Mavis	Silver Bow	65	7 1/2	6	8,883.93	126.02	5
87.	Riebeth, Carolyn	Big Horn	70		22 1/3	8,406.67	173.42	1
88.	Schoenborn, Elsie	St. Dept.	66	10	15	5,360.00	133.72	1
89.	Sletten, Beatrice	Missoula	62	9	17 2/3	7,523.33	188.23	1
90.	Smiley, Gertrude	Phillips	64	4	21	4,703.33	116.79	1
91.	Smith, Ruth Mae	Ystone	66		21 1/2	8,088.33	140.08	2
92.	Sol, Mary G.	Lake	66	7 1/2	27 1/2	5,093.33	146.44	3
93.	Stanhope, Betty	Fallon	62	2	20	5,741.67	109.52	1
94.	Sundelius, Frances B.	Flathead	63		21	7,610.67	135.92	1
95.	Sutter, W. J.	MSU	67		26	9,987.33	193.53	4
96.	Swanson, Harriett P.	L & Clk	60	7	15 7/9	8,080.00	165.81	2
97.	Tomlinson, Helen	Powell	69	6	23	5,667.67	159.33	1
98.	Torgerson, Evelyn R.	Ystone	62	2 2/3	32	7,995.00	224.82	1
99.	Tower, Leah M.	Madison	65	4	9	5,302.00	69.54	1
100.	Tracy, Rhoda C.	Musselshell	66		34 2/3	7,183.33	207.17	1
101.	Voorhees, Mary M.	Lake	63		26 1/2	7,633.33	235.42	4
102.	Walker, Mildred H.	Lake	65		16 1/2	4,320.00	59.17	1
103.	Watts, Virginia	Madison	60	3 1/2	16	6,246.00	113.15	1
104.	Anderson, Homer	U of M	64	9	32	11,123.33	305.68	5
105.	Arbuckle, Lina	Carter	61	5	16	4,800.00	86.32	1
106.	Barthelmess, Zoe D.	U of M	60		14	2,766.67	50.00	1
107.	Beaudoin, Mildred	Toole, VR	60	8 1/2	25 1/2	4,933.33	154.79	1
108.	Bower, Anna C.	Gallatin, VR	60		5 2/9	5,383.33	23.69	1
109.	Chance, William W.	Mont. Tech	62	7	29	13,733.33	295.20	3
110.	Davis, Alice N.	L & Clk	65	11	25	7,490.00	257.74	1
111.	Foley, Hattie A.	Hill	68		25	7,962.22	169.20	1
112.	Funk, Robert K.	L & Clk	66	12	11	4,733.33	109.98	1
113.	Gilchrist, Nancy A.	Flathead	62	3	17	5,433.33	99.06	1
114.	Hancock, Cyril H.	Cascade	61	7	32	10,000.00	331.37	2
115.	Kober, Emily	Carbon	62	4	13 1/4	5,700.00	95.70	1
116.	Larson, Leneda M.	Northern	60		6	7,600.00	39.64	1
117.	Lewis, Olive G.	Flathead	60		32	4,481.00	218.67	1
118.	Previs, Steve J.	Sanders, VR	60		23	6,505.00	117.38	5
119.	Showman, Elmer S.	Big Horn	63	7	17	9,881.68	224.17	2
120.	Shumaker, Clara A.	Treasure, VR	60	6	14 2/3	3,333.33	67.20	3
121.	Slanger, Josephine C.	Beaverhead	60	4	5	4,650.00	46.43	1
122.	Talevson, Bernice	Blaine	69	6	16 1/2	4,750.00	106.34	1
123.	Varty, Agatha	Richland	66	13 1/2	32	5,666.67	231.82	1
124.	White, Frances J.	Valley	60	10	32	9,715.33	354.40	1
125.	Will, Lydia B.	Big Horn	63		19	5,834.33	93.09	1
126.	Yoder, Tennie	Sanders	69		22 1/2	7,613.33	158.36	1
127.	Mow, Bessie W.	Lake	64	13	31	7,160.00	154.01	3

128.	Robinson, Esther	L & Clk	69	10	32	8,603.33	304.20	1
129.	Anthony, Clarence	St. Dept.	63	5	28 2/3	11,833.33	342.41	1
130.	Hayes, George H.	Msla	65	7	32	12,513.33	384.01	5
131.	Mittal, Eva E.	Cascade, VR	60	6	22	4,500.00	116.77	1
132.	Shelley, Katherine	Park, VR	60	7 8/9	28	6,689.33	214.05	2
133.	Robinson, Esther	L & Clk	69	10	32	8,603.33	304.20	1

The next meeting was set for 9:00 a.m., Saturday morning, December 13, 1969. The meeting then adjourned at 12:10 on proper motion and second.

*Jess W. Whitney*

Jess W. Whitney, Chairman

*J. Hugh McKinny*

J. Hugh McKinny, Executive Secretary



## Executive Secretary's Report

September 20, 1969

Without a doubt, this has been the busiest quarter I have experienced in my years with the System. Our first big problem was getting the increases, allowed by the last legislature, ready for the July 31 payroll. We had made the calculations earlier but the actual changing and balancing out the payroll, with some 1600 changes and at the same time adding 180 retired teachers, proved to be a pretty healthy task. The increases, by the way, added \$25,644.19 to the July payroll and the new retired members added another \$30,000 so the monthly payroll has taken quite a jump this summer. Benefits, as usual, are higher this year than last as salaries continue to rise. The increase in employer contribution to pay for the benefit increases should bring us an additional \$250,000 this year. I have had lots of correspondence from retired members complaining that their increases were not enough (they were expecting raises of \$125 a month) but these letters were offset in part by many letters of appreciation.

Our big project this summer has been the changing of the accounting system. I can say now that I think it is going to work out tremendously well but, even knowing what had to be done, I didn't realize the work involved. At this point we have just gotten our teachers list for June 30 done. This, we would normally have completed by July 20 so we are two months behind today, but we will start posting next week and then catch up in a hurry. We still have two big problems left--our retired teacher program and our mortgage program. We will take the retired teacher program first as the System must figure our "13th check". I look for another busy six months but I don't think we will work any more three shifts a day as we did when we were heading up the teacher's accounts and posting on balances.

Investments the past quarter have been limited since our income is limited in the summer and all the purchases were made in June. On Moody's advice we are committed on delayed delivery on some of the very attractive issues offered this summer which we will pay for in the months to come when we assume the interest rates will be somewhat lower than they are now. In June we purchased the following bonds:

Minneapolis Gas Bonds	8%	7/94 @ par	\$100,000.00
Burroughs Corp Conv Debs	4-5/8%	of 94 @ par	150,000.00
U. S. Treasury Bills, Aug & Sept			300,000.00

We also purchased the following mortgage offerings:

1st Security Bank, Miles City	\$ 42,400.00 @ 96
Guaranty Co., Billings	108,250.00 7-3/4% conven.
Commerce Mortgage Company	212,000.00 @ 96
Security Bank of Billings	153,000.00 @ 97
Union Bank & Trust Co., Helena	224,000.00 @ 98

You can see which loans were committed the earliest. We are presently quoting 6 and 7 points discount on  $7\frac{1}{2}$  per cent guaranteed loans.

Our travel has been limited to checking our loans at our servicing agencies this summer and we still haven't gotten them all.

This fall, I will speak at the AFT Convention in Anaconda on October 23 and the MEA Convention in Billings the 24th. Tom will be at the MEA Conventions in Missoula and Great Falls.

RETIREMENT BOARD MEETING  
December 13, 1969

The meeting was called to order at 9:00 a.m. by the Chairman, Mr. Whitney. In attendance were members Mr. Burke, Mr. Caruso, Mr. Hayes and the Secretary, Mr. McKinny. Mrs. Colburg was unable to attend because of conflicting meetings and the actuary was vacationing in California.

The minutes of the September meeting, having been in the hands of the members prior to the meeting were approved on a motion by Mr. Burke and a second by Mr. Caruso.

Since Mr. Campeau was in attendance, the Board first discussed the progress of the building. Mr. Campeau reviewed, for the members, the bidding and showed the contractor's schedule which called for a completion date of May 15, 1970, and reported that the building was now 15 per cent complete. From the bids received, the building will cost about \$20.60 per square foot including the landscaping.

The Secretary next presented his work report, the investment report and reviewed the November 30 financial statement. The reports were ordered placed on file on a motion by Mr. Burke and a second by Mr. Hayes.

The following payrolls for the 1st quarter of 1970 were approved on a motion by Mr. Hayes and a second by Mr. Caruso:

Retirement	approximately	\$336,000.00	per month
Office	approximately	4,330.00	per month

The Secretary then asked for a review of the policy of returning interest to a teacher who had completed a redeposit. After a thorough discussion, Mr. Caruso moved that all of the interest, in accordance with the motion adopted in the September, 1969 meeting, be returned to the teacher. Mr. Burke seconded the motion which was approved.

The Board next considered the income loans being offered by the several banks and instructed the Secretary to inform the Montana Bank that they would listen to its offer to purchase the proposed \$1,600,000 mortgage on their building.

The Husted mortgage offered by the Union Bank (\$40,000 at 10 per cent) was approved on a motion by Mr. Caruso and a second by Mr. Hayes.

After a discussion concerning an offering of a fraternity house loan from the Western Montana Bank, Mr. Burke moved the mortgage not be purchased. Mr. Hayes seconded the motion and it carried.

The Board next considered the purchase of the McDonald restaurant building offered for sale and lease back by Damon Raike & Co. of San Francisco. After a thorough discussion of the possibility of owning real estate, the Board decided not to purchase these properties but to consider purchase of property



at future meetings.

The Board next considered the request by the First National Bank of Miles City for a servicing agreement to sell the System guaranteed mortgage paper and Mr. Burke moved the Secretary be instructed to secure the proper signatures on the standard servicing agreement. Mr. Hayes seconded the motion which was approved.

Next, the Board considered Mary Jo Tripp's request for permission to purchase, as out-of-state service, credit for work as a music instructor under the supervision and endorsement of the Spokane school system but the payment for the work was directly from the pupil to the teacher. After a thorough discussion, Mr. Burke moved that the Secretary be instructed to inform Mrs. Tripp that since she was not paid directly by the district, the law would not permit the Board to grant her credit for the service. Mr. Hayes seconded the motion which was approved.

The following applications for disability were approved following a motion by Mr. Burke and a second by Mr. Caruso:

	<u>county</u>	<u>age</u>	<u>CS</u>	<u>average salary</u>	<u>benefit</u>
1. Viola M. Anderson (heart)	Deer Lodge	59	12	\$5,190.00	\$108.13
2. Ruth L. Frost (hyperthyroidism)	Ystone	58	34	7,713.67	281.00
3. Neola Y. Hatch (arthritis)	Glacier	59	15	6,737.67	140.37
4. Helen M. Twilling (Matastatic carcinoma neck)	Dawson	56	13	6,700.00	139.58
5. Alice Wilkinson (congestive heart failure)	Mineral	59	11½	4,600.00	95.83
6. James J. Yedlicka (bilateral nerve deafness)	Carbon	37	6	5,550.00	115.63

The following applications for survivor's benefits were approved following a motion by Mr. Caruso and a second by Mr. Hayes:

1. Harvey Bailey age 56 Benefit: \$282.93	Survivor of Chelsea Bailey Silver Bow age 62 PS - 10 yrs. MS 26.6 yrs. Average salary \$8,849.00 ASF 7,898.73
2. Maren S. Klies age 60	Survivor of William R. Klies, Silver Bow age 68 PS - 5.6 yrs. MS - 31.7 yrs. Average salary \$9,147.04 ASF 10,232.13
3. Cornelia G. Knapp age 48 Benefit: \$91.91	Survivor of Henry W. Knapp Vested Rt age 52 PS - 5 yrs. MS - 14 yrs. Average salary \$6,000.00 ASF 4,578.42

4. Stanley T. Russell  
age 32

Benefit: \$59.76

and

Dennis E. Russell

age 29

Benefit: \$57.63

Survivors of Beth Russell Valley

age 62

PS: 9 yrs. MS - 25 $\frac{1}{2}$  yrs.

Average salary \$6,622.33

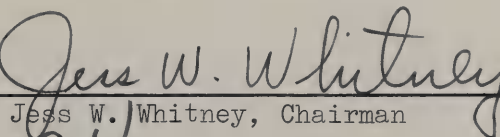
ASF 7,241.84

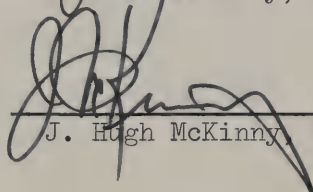
The following applications for retirement benefit were approved following a motion by Mr. Hayes and a second by Mr. Burke:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt.</u>
1. Hazel Anderson	Lincoln	61	2	7	\$4,028.33	\$ 26.98	1
2. Clara A. Dahl	Rosebud	60		17	4,200.00	64.69	1
3. Vesta G. Dunlap	Daniels	61	1	8 $\frac{1}{3}$	4,795.00	40.66	1
4. Willamette M. Foster	L & Clk	60	1	27.2	6,758.33	163.07	1
5. Edna M. Gerdon	Uncl.	63		18 $\frac{2}{3}$	6,203.33	85.17	2
6. Angeline Golubin	VR	64	14 $\frac{5}{9}$	8 $\frac{5}{9}$	2,900.00	82.11	1
7. Roy Homme	VR	60	2	11	min benefit	46.11	1
8. Carl Kraenzel	MSU	63	4 $\frac{1}{3}$	28	16,170.00	399.34	5
9. Kenneth V. Lottick	U of M	65		11	15,433.33	132.01	2
10. Esther Robinson	L & Clk	69	10	32	8,603.33	304.20	1
11. Ruey A. Peterson	Ystone	68	14	17.6	8,528.33	279.79	1
12. Arthur H. Post	MSU	68	13	32 $\frac{1}{4}$	15,666.67	445.03	5
13. Mary S. Potts	Ystone	61	10 $\frac{2}{3}$	16	8,320.33	123.98	2
14. Margaret M. Reardon	Msla	68	7	12	6,116.67	121.29	1
15. Bessie E. Russell	VR	60	4	13	5,578.33	70.89	3
16. Mildred Tamplin	Ravalli	67		21	6,310.00	120.29	1
17. Eleanor Teigen	VR	60	7	9	4,568.33	76.08	1
18. Doris M. Whitney	Flathead	60	3	18	7,575.67	134.36	1
19. Alice C. Pancich	Cascade	60	7	25	5,850.00	169.67	2
20. Phyllis M. Smith	Lake	62	5	26	5,366.67	151.51	1
21. Maybelle E. Hallesy	Gallatin	68	10	16	7,246.67	187.34	1
22. Elizabeth H. Horner	Ystone	64	3	17	6,243.33	114.07	1
23. Edith M. Keller	Big Horn	70	14 $\frac{1}{3}$	6.2	3,983.33	86.86	1

The next meeting of the Board was set for nine o'clock, Saturday morning, March 21.

The meeting adjourned at 11:30 a.m. on proper motion and second.

  
Jess W. Whitney, Chairman

  
J. Hugh McKinny, Executive Secretary





Executive Secretary's Report  
December 13, 1969

This week we put our "13th" check in the mail. It will be a very nice Christmas check for 1,926 of our retired teachers. The total came to \$109,000 for an average of \$56.55 a person. We had to have the Data Processing Center do the checks and we did the calculation by hand. Next year, our own equipment will do the total job. We just had too much work on the posting program to do it ourselves this year.

The posting program has been a lot slower in catching up than I had anticipated. I knew it would take time and I was sure we would be all up to date at this time but we have had too much down-time on the equipment. I know we have been down at least ten days and at one time had to have a man in from Denver to fix the line printer. The last down time--2½ days--was caused by a small leather bumper used to quiet the noise on a stepper switch. It caused the switch to be too slow in closing and this, in turn, prevented the line finder from marking. To make it worse, it didn't prevent it all the time. Burroughs has been on the job though. When we have been down, they work at least eighteen hours a day trying to find the trouble. Since they know we are behind because of down-time, they have answered our calls on Sunday to keep us going. I have worked a lot of hours on this project and we are back running two shifts a day for I am determined to catch up by Christmas. We are about two weeks behind where I would like to be now.

To make matters worse, my number one posting operator resigned on the 5th of December so I have had to train two more girls and this slows things also. The girls have worked well for me, especially Mrs. Steen and Mrs. Vaessen. When Sara left, she had 44 hours of overtime coming. The pressure was just too much for her. The hard part is over now and we are coasting down hill. When we start our mortgage and retired teacher programs, we will at least know how to operate the equipment.

We have taken advantage of the government work-study program and we have two girls from Carroll working part time doing our filing. We pay them 30¢ an hour and the government pays \$1.20. They add new life to the office.

I still managed to do some traveling. In addition to the MEA Convention in Billings and the AFT Convention in Anaconda, I have spoken in Ronan, Bigfork and Somers. Tom had the MEA Conventions in Missoula and Great Falls and has spoken in Glasgow and at the Lockwood School in Billings. I also went to Seattle where, in addition to catching a nice salmon and winning a sweater playing golf, I was installed as President of the National Council on Teacher Retirement.

March 21, 1970

Resolution No. 54

BE IT RESOLVED THAT, The State Treasurer, State of Montana, as designated depository of The Teachers' Retirement System and is hereby requested, authorized and directed to honor checks, drafts or other orders for the payment of money drawn in this State Department's name, including those payable to the individual order of any person or persons whose name or names appear thereon as a signer or signers thereof, when bearing or purporting to bear the facsimile signature(s) of any two of the following:

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

Paul D. Caruso  
Paul D. Caruso

James E. Burke  
James E. Burke

Dolores Colburg  
Dolores Colburg

and the State Treasurer, State of Montana, shall be entitled to honor and to charge this State Department for such checks, drafts or other orders, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such signature or signatures resemble the facsimile specimens duly certified to or filed with the State Treasurer, State of Montana, by the Secretary or other officer of The Teachers' Retirement System.

Jess W. Whitney  
Jess W. Whitney

George H. Hayes  
George H. Hayes

Paul D. Caruso  
Paul D. Caruso

James E. Burke  
James E. Burke

Dolores Colburg  
Dolores Colburg

Retirement Board Meeting  
March 21, 1970

The meeting was called to order at 9:00 a.m. by the Chairman, Mr. Whitney. In attendance were members Mrs. Colburg, Mr. Caruso, Mr. Hayes and Mr. Burke. Also attending were the Secretary, Mr. McKinny; the Actuary, Mr. Young; the Investment Counsel, Mr. McPike and the Architect, Mr. Campeau.

The minutes of the December meeting, having been in the hands of the members prior to the meeting, were approved on a motion by Mr. Burke and a second by Mr. Caruso.

The Secretary presented his progress report and reviewed the financial statement and the Proceedings of the NCTR Convention of 1969. Mr. McPike presented his investment report which was a very thorough study of the money market and financial outlook. The reports were ordered placed on file on a motion by Mr. Burke and a second by Mr. Hayes.

The following payrolls for the 2nd quarter of 1970 were approved on a motion by Mr. Hayes and a second by Mr. Caruso:

Retirement Payroll	approximately	\$337,000.00 per month
Office Payroll	approximately	4,290.00 per month

The Board then reviewed the progress of the office building at 6th and Sanders. Mr. Campeau discussed the construction schedule and reported the upper level was predicted to be ready for occupancy May 15 which is right on time. Mr. Campeau then requested instructions for the completion of the lower level. He had estimates for the work that needed to be done for occupancy totaling \$11,200 and that we had only \$5,600 available for change orders. After a thorough discussion, Mr. Caruso moved that sufficient funds to complete the basement be taken from the Minnie S. Fullam fund and repaid at the earliest possible time with interest. Mrs. Colberg seconded the motion which was approved.

The Board next turned to the new business at hand. On a motion by Mr. Burke and a second by Mr. Hayes, the Secretary was instructed to proceed to secure the proper signatures on our standard Servicing Agreement to purchase mortgages from the Gallatin Trust and Savings Bank of Bozeman.

A motion was made by Mrs. Colburg that Mr. McKinny be commended for the good, energetic and intelligent service he had rendered on behalf of The Teachers Retirement System for the past twenty years. Mr. Burke seconded the motion which was unanimously approved.

The Board then considered Mr. McKinny's request to attend a combined meeting of the Executive Committee of the National Council on Teacher Retirement and the Municipal Finance Officers Association in Miami May 20 to May 26 and permission was granted following a motion by Mr. Burke and a second by Mr. Hayes.



The Board then considered in depth the commercial mortgage offerings from the different servicing agencies and agreed to purchase at 10 per cent interest the following loans:

L. P. United Motel, Helena \$350,000.00 15 yrs.  
SEA insured. Union Bank retaining 10%

Motion by Mrs. Colberg and seconded by Mr. Caruso.

Tai Lane Shopping Center, Bozeman (discounted to yield 9.5%) 15 yrs.  
CLIC Insurance

Motion by Mr. Caruso and seconded by Mr. Burke.

Fairway Shopping Center, Missoula \$350,000.00 15 yrs.  
CLIC Insurance

Motion by Mr. Burke and seconded by Mrs. Colberg.

Penta Corporation Office Building, Helena \$100,000.00 20 yrs.  
CLIC Insurance

Motion by Mr. Burke and seconded by Mr. Hayes.

Townhouse Apartment in Great Falls \$350,000.00 15 yrs.  
CLIC insured. Great Falls National Bank retaining 10%

Motion by Mr. Hayes and seconded by Mrs. Colberg.

Ponderosa Inn, Billings \$550,000.00 20 yrs.  
SBA & CLIC insured. Security Bank of Billings retaining 10%

Motion by Mr. Burke and seconded by Mr. Hayes.

The request on the Elk Creek Lodge was postponed on a motion by Mr. Hayes and a second by Mr. Burke.

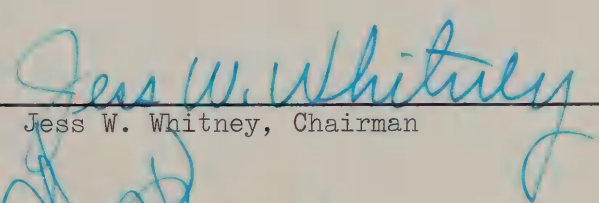
The following applications for survivor's benefits were approved on a motion by Mrs. Colburg and a second by Mr. Caruso:

- |                            |   |
|----------------------------|---|
| 1. Willard J. Smith        | Survivor of Jeanne H. Smith, Vested Right |
| age 53                     | age 59                                    |
| <u>Benefit: \$45.01</u>    | PS: 6 yrs. MS: 6.5 yrs.                   |
|                            | Average salary: \$3,641.00                |
|                            | ASF 1,287.36                              |
| 2. Albretto Stoodley       | Survivor of Agnes Stoodley, U of M        |
| age 97                     | age 65                                    |
| <u>Benefit: \$1,391.85</u> | MS: 22½ yrs.                              |
|                            | Average salary \$14,200.00                |
|                            | ASF 9,680.00                              |
| 3. Thelma Walker           | Survivor of James H. Walker, Cascade      |
| age 58                     | age 35                                    |
| <u>Benefit: \$169.71</u>   | MS: 12½ yrs.                              |
|                            | Average salary \$13,423.33                |
|                            | ASF 5,646.91                              |

The following applications for retirement allowance were approved on a motion by Mr. Hayes and a second by Mr. Burke:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt.</u>
1. Blevins, Marcella E.	Roosevelt	62	5.7	18	\$7,960.00	\$172.29	1
2. Bohart, Ima W.	Flathead	60	4	10	5,248.00	73.75	1
3. Brenteson, Agnes	Uncl	61	3	8	minimum benefit	38.49	2
4. Burnett, Alma J.	Park	60	5	25.5	6,553.33	177.38	1
5. Cooper, Constance S.	Vested Right	60	2	15	7,848.33	105.31	3
6. Davis, Hattie B.	Chouteau	70		11 $\frac{1}{2}$	4,425.00	40.84	2
7. Earhart, Herbert F.	Northern	65	3.3	11.5	12,466.67	164.52	2
8. Franks, Milford	MSU	66		34.5	16,433.33	416.32	2
9. Kneeland, Ralph S.	Western	66	8	32.5	14,833.33	378.41	5
10. Leithead, Anna M.	Stillwater, VR	60	3	13	6,025.00	86.86	2
11. Martin, Weldon R.	Missoula	62	1	15 $\frac{1}{2}$	7,561.49	76.29	3
12. Reichmann, Louis C.	Rosebud	62		10.3	5,233.33	51.92	1
13. Small, Helen M.	Silver Bow	66	12	32 $\frac{1}{2}$	9,541.20	347.52	2
14. Reynolds, Olga G.	Lincoln, VR	60	7	5 $\frac{1}{2}$	2,333.33	47.64	2
15. Turner, Rose J.	Richland, VR	60		16	5,812.67	81.35	2
16. Wrzesinski, Blanche	Glacier	62	7	23 $\frac{1}{2}$	5,820.00	157.20	1
17. Dusenberry, H. L.	MSU, VR	62	6	9	2,000.00	53.55	1
18. Fitzpatrick, Meta B.	Missoula	63	12	11.3	8,854.33	106.78	1
19. Haag, Julius	Vested Right	60		16	6,150.00	92.49	1
20. Julson, Earl E.	Vested Right	60	3 2/3	10	4,500.00	48.07	5
21. Smith, Arthur F.	Ystone, VR	62	2 $\frac{1}{2}$	14	5,345.00	60.11	3
22. Smith, Gladys	Flathead	60	6	7.5	5,316.67	69.90	1

The next meeting of the Board was set for 9:00 a.m., May 16, (hopefully, at 1500 - 6th Avenue) and the meeting adjourned at 12:30 p.m. on proper motion and second.

  
 Jess W. Whitney, Chairman

  
 J. Hugh McKinny, Executive Secretary





## Executive Secretary's Report

March 21, 1970

Our work has been progressing very well. Our teacher posting has been up to date since the 10th of January and the posting of the employer's contributions was brought up to date this week. Now, all we have to do is keep up to date, complete our reconstruct program (correct names, addresses and service), get programs for our mortgages and our retired teachers, a search program for our actuarial studies, a bond portfolio program and a general accounting program. With the completion of these programs, our machine will be in complete use. However, as busy as the Burroughs programmer is, I doubt if it will all be complete before fall.

We are beginning to receive requests for retirement benefits for July 1, 1970 and we have already received completed applications but it is too early to judge how much bigger this year will be than last.

We have 38 teachers on disability--that is, teachers who are drawing a disability benefit and who are under age sixty. They range in age from 27 to 59 and the years-of-service range is from 6 to 36 with an average service record of just under 20 years. They break down to the following age groups:

13	over age 55
13	age 50 - 55
8	age 45 - 50
1	age 40 - 45
3	under 40

The causes of disability:

11	heart disease
8	arthritis
6	hearing and vision loss
4	mental
4	physical impairment
3	diabetes
2	multiple sclerosis

My efforts to mortgage our office building have been defeated. To make sure the interest would be tax exempt, I asked for an opinion by the Attorney General and before he would answer that, he requested that I ask for his opinion on whether we could mortgage the building and his quick reply was that we had no authority to do so. I guess we will have to correct it in the legislature.

I met with the MEA Retirement Committee concerning a legislative program. They have no recommendations for new legislation but will oppose the reorganization plan to put this System under the Department of Administration.

We have done a bit of traveling this past quarter. I was in Sidney the 14th of January and in Great Falls for four days the 1st of February. I

went to Bozeman to do individual estimates the end of January and also to meet with a group of retired teachers. I spoke in Columbus the 6th of March and in Columbia Falls the 9th. On February 27 I went to San Francisco to meet with the Stanford University group and to examine the facilities of two hotels as possible convention sites for 1972. I came back through Las Vegas to look at hotel facilities there also. Our group is getting so large that it takes more than three years advance notice to block out 350 rooms for the dates we wish. Tom spoke at Simms and Huntley Project.

During the past quarter we have made the following investments:

#### Mortgages

Streeter Bros.	\$157,250.00	8 $\frac{1}{2}$ %	From 95 to 97
Western Montana Bank	307,400.00	7 $\frac{1}{2}$ %	@ 93 & 94
Commerce Mortgage Co.	101,000.00	7 $\frac{1}{2}$ %	@ 95

#### Bonds

Farmers Home Administration	8 3/4	@ par	\$132,400.00	Two Butte Water
Western Maryland RR Equips	7 7/8	@ 93 yld 9%	250,000.00	Halsey, Stuart & Co.
Norfolk & Western RR Equips	8 7/8	@ par	250,000.00	Shearson, Hamill
Research Properties	8 $\frac{1}{4}$	@ par	250,000.00	Morgan Stanley
Houston Light & Pwr, Conv Debs	5 $\frac{1}{2}$	@ 102	100,000.00	Halsey, Stuart & Co.
Weyerhaeuser Co.	7.65	@ par	250,000.00	Halsey, Stuart & Co.
W. E. Heller & Co.	9 $\frac{1}{4}$	@ par	50,000.00	Bache & Co.
Union Tank Car Equips	9.3	@ par	100,000.00	J. Barth & Co.
Grand Trunk RR Equips	9 $\frac{1}{4}$	@ par	250,000.00	Salomon Bros.
Towson RR Equips	8 $\frac{1}{2}$	@ par	250,000.00	Kidder, Peabody

A week from today, the 28th of March, I will have completed twenty years as an employee of The Teachers Retirement System.

## Resolution No. 55

BE IT RESOLVED that the interest rate of five and one-fourth per cent (5.25%) be allowed on the annuity savings funds of The Teachers' Retirement System and that the Actuary be instructed to use an interest rate of four per cent (4%) together with the 1965 mortality and disability and withdrawal assumption to determine the amounts of the reserves for all active members and that the three per cent (3.0%) 1937 standard annuity tables be the basis for all retired members.

*Jess W. Whitney*  
\_\_\_\_\_  
Jess W. Whitney, Chairman

*James E. Burke*  
\_\_\_\_\_

*Leo Hoyer*  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_





Retirement Board Meeting  
May 16, 1970

The meeting was called to order by the Chairman, Mr. Whitney, at 9:00 a.m.. In attendance were members, Mr. Hayes and Mr. Burke. Also attending were the Actuary, Mr. Young and the Executive Secretary, Mr. McKinny. The Secretary informed the members that Mrs. Colburg was unable to attend because of a speaking engagement and Mr. Caruso could not attend because of the grand opening of his bank.

The minutes of the March meeting, having been in the hands of the members prior to the meeting, were approved on a motion by Mr. Burke and a second by Mr. Hayes.

The Secretary presented his report and reviewed the monthly financial statement and these were ordered placed on file, along with Mr. McPike's investment report, on a motion by Mr. Hayes and a second by Mr. Burke.

The 3rd quarter payrolls in the following approximate amounts were approved on a motion by Mr. Hayes and a second by Mr. Burke:

Retirement	Approximately	\$335,000.00
Office	"	4,290.00

The Board next considered the old business at hand and the Secretary informed the Board that the architect would meet with them, upon adjournment, at the new building to show his progress report. The Secretary pointed out that an effort had been made to hold the Board meeting there but was sorry the building would not be ready for occupancy for another ten days.

The Board next considered the setting of the interest rate on the annuity savings funds for 1970-71. The Secretary reported the interest earnings on total book value assets for 1968-69 to have been 5.22 per cent and that for 1969-70 it should be at least 5.37 per cent. Mr. Burke moved the adoption of Resolution No. 53, which would set the interest rate for 1970-71 at 5.25 per cent. Mr. Hayes seconded the motion which was approved.

Next on the agenda was the setting of the lease rate to the Department of Public Instruction for the space on the lower level. After a short discussion of rental rates, Mr. Hayes moved the rental be set at \$3.25 per square foot per annum. Mr. Burke seconded the motion which was also approved.

The Board next considered the income mortgage offerings and approved, on a motion by Mr. Burke and a second by Mr. Hayes, a mortgage on an 11-unit apartment house to be built by Jack Stewart in the Fairview addition in Missoula. The loan would be for \$90,000--20 years at 10 per cent--with CLIC insurance and serviced by the Commerce Mortgage Company.

The next loan considered was on a medical-legal building to be built on the east side of Helena by Kermit Mueller with a corporation of occupants

owning the building. The terms would be twenty years at 10 per cent with CLIC insurance and would not exceed \$250,000. After a complete discussion, Mr. Burke moved the approval of the loan subject to the owners pledge to secure outside professional management of the building. Mr. Hayes seconded the motion which was adopted.

The Secretary reported the loan on the Ponderosa Inn in Billings to be too large for adequate protection from a SBA insured loan and suggested that the loan could still be secured with CLIC insurance and this change was approved on a motion by Mr. Hayes and a second by Mr. Burke.

After the approval of the mortgage purchases, Mr. Burke moved that the Secretary be instructed to attend an approved school for real estate appraisers and take course No. I, covering Basic Principles of Appraising. Mr. Hayes seconded the motion which was approved.

The Board next considered the Secretary's request to attend the NEA Convention in San Francisco June 30 to July 3 and Mr. Burke moved that permission be granted. Mr. Hayes seconded the motion which was approved.

The following salary adjustments for the staff were approved on a motion by Mr. Hayes and a second by Mr. Burke:

Dorris Morris	\$520.00	to	\$546.00
Elizabeth Steen	475.00	to	498.75
Elsie Wilcox	470.00	to	493.50
Margaret Ramberg	400.00	to	420.00

The following application for survivor's benefit was approved on a motion by Mr. Burke and a second by Mr. Hayes:

Marian A. Gibbs	Survivor of Helen Kitt, Lewis & Clark County
age 56	age 57
<u>Benefit: \$162.59</u>	MS - 22 3/4 yrs.
	Average salary \$8,525.00
	ASF 8,695.00

The following applications for disability benefit were approved on a motion by Mr. Burke and a second by Mr. Hayes:

	<u>county</u>	<u>age</u>	<u>CS</u>	<u>average salary</u>	<u>benefit</u>
1. Mavis A. Eacock (heart)	Glacier	46	6.7	\$6,930.00	\$144.38
2. Margaret E. Schnurr (arthritis & possible MS)	Ystone	53	26.0	9,000.00	250.72
3. Georgia L. Sparks (hearing loss)	Ystone	52	11.5	8,210.00	171.04

The following applications for retirement benefits were approved on a



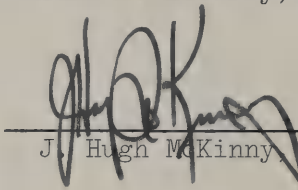
motion by Mr. Hayes and a second by Mr. Burke:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average salary</u>	<u>benefit</u>	<u>opt.</u>
1. Austin, Mabel A.	Mineral, VR	60	7	5	\$2,966.67.	\$ 42.84	1
					(minimum benefit)		
2. Comer, A. L.	Gallatin, VR	60	3.5	26	7,000.00	190.16	1
3. Cottam, Hugh C.	MSU	66	6.5	27	10,233.33	237.22	3
4. Eastburn, Sylvia L.	Msla, VR	63	10	5 $\frac{1}{4}$	min. benefit	54.46	1
5. Follansbee, Alice	Lincoln	60		25.5	7,726.00	149.36	2
6. Haag, Julius	Vested Right	60		16	6,150.00	92.49	1
7. Klampe, Frances C.	Vested Right	60	5	11	7,111.67	112.32	1
8. Rorvik, Helen	Teton, VR	60		11.5	3,983.33	42.47	1
9. Melaney, Mary G.	Wheatland, VR	60		13	4,250.00	49.72	2
10. Sikora, Marie E.	Stillwater(uncld)	62	8.5	30	5,208.33	210.10	1
11. Smith, Arthur F.	Ystone, VR	62	2.5	14	5,345.00	60.11	3
12. Allman, Ruth E.	Ystone	64		19	8,791.67	146.09	1
13. Adams, Velma G.	Carbon	60		30	6,755.00	156.14	2
14. Arthaud, Robert E.	Richland	65	12	33	8,800.00	341.48	1
15. Bachelder, Sid D.	Cascade	63	8	32	14,670.00	468.34	2
16. Barnes, Antrim E.	L & Clk	61	6	27	9,996.67	204.28	3
17. Bramsman, Anna M.	Beaverhead	65	11	13 $\frac{1}{3}$	7,141.67	175.40	5
18. Bunker, Polly T.	Ravalli	63	3	21	8,573.33	185.16	1
19. Cogswell, Andrew C.	U of M	65	6	31	18,033.33	434.12	5
20. Cummins, Grace E.	Ystone	61		26	10,006.67	209.07	1
21. Ebeltoft, Charlotte	Flathead	60		31 $\frac{1}{3}$	8,347.33	206.67	1
22. Fleenor, Norma	Hill	61	4	29	8,210.33	233.12	1
23. Frahm, Elmer E.	MSU	65	4	32 $\frac{1}{3}$	16,633.33	372.93	3
24. Gamble, May S.	Ystone	65	12	31	10,401.67	385.11	1
25. Glanzer, Kathryn	Fergus	64		27	4,066.67	101.00	1
26. Haines, Fern A.	Toole	62		13	7,206.67	81.19	1
27. Haines, Merle T.	Toole	65		24	8,650.00	193.26	1
28. Hamilton, Inez H.	Golden Valley	64	8	16	5,240.00	125.41	1
29. Heathcote, Lesley M.	MSU	66	8	26	15,666.67	467.30	1
30. Heitmann, Florence B.	Flathead	65		8	6,116.67	44.66	1
31. Henderson, Teresa B.	Silver Bow	69	16	24 $\frac{2}{3}$	9,280.86	333.02	2
32. Little, Frank A.	Lincoln	60	2	23	8,547.67	139.54	5
33. Hope, Lucy F.	Ystone	60	6	31 $\frac{1}{2}$	8,791.67	283.84	1
34. Jensen, Marguerite M.	Ystone	61	7	23	8,803.33	209.39	3
35. Keefer, Zylpha	Ystone	64	5	17 $\frac{1}{3}$	8,791.67	187.08	1
36. Kercher, Ann	Carbon	69	2	10	7,033.33	76.25	2
37. Lawson, Hazen R.	Lincoln	60		33	13,333.33	329.98	2
38. McConnell, Winona M	Msla	65		11	9,063.67	84.26	1
39. Monk, Marie	Ystone	67		35	8,686.67	250.23	1
40. Murphy, Mary A.	Valley	64	8	29 $\frac{1}{4}$	8,233.33	272.03	1
41. Murphy, Mildred	Glacier	63	2 $\frac{2}{3}$	16 $\frac{2}{3}$	7,109.00	121.89	1
42. Nelson, Margaret S.	Ysone	65	14.2	20.3	7,706.67	421.31	2
43. Orr, Clara L.	Ystone	62		24	7,755.00	152.32	1
44. Peterson, Ruth A.	Flathead	66	8	28	8,347.33	271.38	1
45. Rich, Alenath	Lincoln	64		19 $\frac{2}{3}$	7,363.33	118.11	4
46. Rogers, Myrtle E.	Ystone	62	9	25 $\frac{2}{3}$	5,175.00	165.39	1
47. Schagunn, Elizabeth C.	Ystone	63		30	5,150.00	133.04	1

48.	Smith, Leo	U. of M	66	10	32	\$15,400.00	\$ 439.06	4
49.	Sparr, Pearl M.	Park	65	11 $\frac{1}{2}$	10 $\frac{1}{2}$	7,273.33	162.46	1
50.	Stevens, Vila M.	Cascade	68	16	33	9,370.00	400.06	1
51.	Tretheway, Freda D.	Silver Bow	62	9 $\frac{2}{3}$	33	9,382.33	349.21	1
52.	Ward, Irene A.	L & Clk	65	2	7	5,490.00	48.35	1
53.	Walker, Margaret K.	Beaverhead	62	1	6 $\frac{1}{4}$	6,533.33	43.66	1
54.	Wittwer, Con	Lake	70	12	32	9,877.33	286.47	4
55.	Kleis, John F.	Fallon	70	9 $\frac{1}{2}$	32	4,995.00	179.64	2
56.	Pyzel, Dorothy	Ystone, VR	60	3	16	4,366.67	76.02	1
57.	Wren, Melvin C.	U of M, VR	60		24	12,900.00	223.26	5

The next meeting of the Board was set for 9:00 a.m., Saturday, September 19 and the meeting adjourned at 10:45 a.m. on proper motion and second at which time the Board met with the architect to examine the building at 1500 - 6th Avenue.

  
 Jess W. Whitney, Chairman

  
 J. Hugh McKinny, Executive Secretary

Executive Secretary's Report  
May 16, 1970

I have been able to make a study on the operation of the Mortgage Guaranty Insurance Corporation (MGIC) and its subsidiary, Commercial Loan Insurance Company (CLIC). MGIC was incorporated in Wisconsin, which has very strict insurance laws, so the company must meet Wisconsin restrictions as well as any additional restrictions of the other states in which it operates. Because of these restrictions and the size of the company, a University of Pennsylvania study shows the company strong enough to meet its coverage during a depression of greater magnitude and length than the 1930's. MGIC has 2 per cent of the mortgage insurance in force in the nation on 1-to-4 family dwellings.

To meet the needs of commercial lenders, MGIC formed CLIC to insure loans on commercial property. The company appraises each loan either by physical examination or by examination of appraisal reports. They cover the risk of the top 20 per cent of the loan which would reduce our exposure to 55 per cent of value. The company retains the choice of paying off the loan and keeping the property or paying off 20 per cent. I think that if they elect to insure a loan, it is a pretty good indication that the loan will be sound. With this type of insurance, the Controller of the Currency permits nationally chartered banks to exceed both maturity dates and per-cent-of-loan-to-value ratios of the banking regulations.

Our posting operations the last two months have been up to date on employee and employer contributions. We still need posting programs for mortgages and retired teachers, which, they assure me, we will have by July 1. We have our annual statement program and if we do not run into delivery trouble, we will get our annual statements out right after the 1st of July. We also hope our equipment does not get too shaken up by moving and require a lot of down time to get it going again.

Since informing our servicing agents of our decision to purchase their mortgage offerings, which were approved at the last meeting, we have only heard from two banks so I assume we have only the Lester Motel (SBA) and Penta office building on stream from the last meeting. I have now devised a little form letter that will go out immediately after approval which will require a decision on the part of the borrowers for it will limit our commitment to thirty days.

During the past two months we have made the following investments:

\$300,000	Atlantic Richfield	8 5/8 of 2000 @ par	Piper; Kalman; Shields
250,000	Walter Heller & Co.	9 1/2 of 89 @ par	Salomon Bros.
150,000	St. Louis, S.F. RR Equips	9 1/2 of 85 @ par	Dick & Merle Smith
100,000	International Paper Co.	8.85 of 95 @ par	Shields & Co.
250,000	United Tel of Indiana	9 1/8 of 99 @ par	Kidder, Peabody & Co.
300,000	Burlington Northern RR	9 5/8 of 85 @ par	Halsey, Stuart & Co.
225,000	Spokane, Portland RR Equips	9 5/8 of 85 @ par	Shearson, Hamill
100,000	Chrysler Co. Debs	8 7/8 of 95 @ 97	Drexel, Harriman, Ripley
132,400	Farm Home Admin. Mrtges	8 7/8 of 95	(Two Buttes Water Users)



All of these bonds were purchased at par except the Chrysler Debs and all have 10-year call protection.

With a very dull mortgage market, we purchased only two groups of loans:

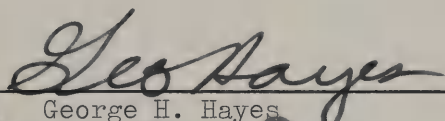
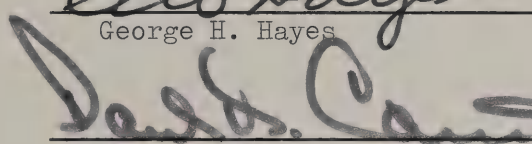
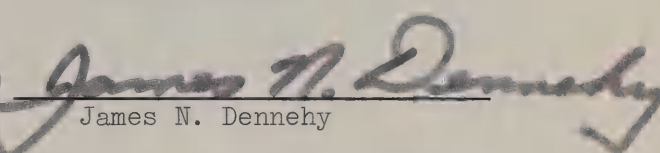
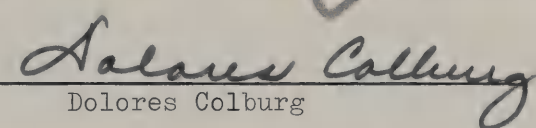
\$60,000 from the Whitefish State Bank

20,000 from The Yellowstone Bank of Laurel

We are now requesting 4 to 5 points discount on FHA paper and 9 to 10 on conventional loans.

## Resolution No. 56

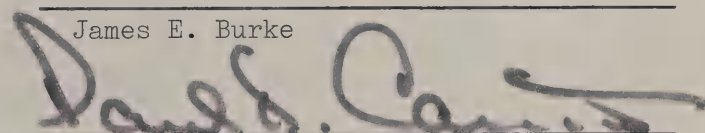
BE IT RESOLVED THAT, The State Treasurer, State of Montana, as designated depository of The Teachers' Retirement System and is hereby requested, authorized and directed to honor checks, drafts or other orders for the payment of money drawn in this State Department's name, including those payable to the individual order of any person or persons whose name or names appear thereon as a signer or signers thereof, when bearing or purporting to bear the facsimile signature(s) of any two of the following:

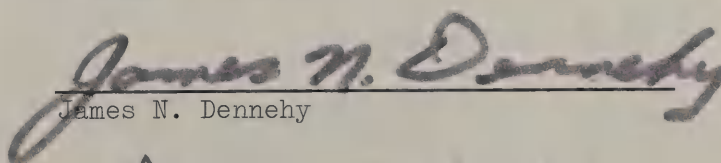
 <u>George H. Hayes</u>	<u>James E. Burke</u>
 <u>Paul D. Caruso</u>	 <u>James N. Dennehy</u>
 <u>Dolores Colburg</u>	

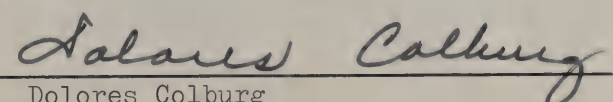
And the State Treasurer, State of Montana, shall be entitled to honor and to charge this State Department for such checks, drafts or other orders, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such signature or signatures resemble the facsimile specimens duly certified to or filed with the State Treasurer, State of Montana, by the Secretary or other officer of The Teachers' Retirement System.

  
George H. Hayes

James E. Burke

  
Paul D. Caruso

  
James N. Dennehy

  
Dolores Colburg

## Resolution No. 57

## RESOLUTION OF APPRECIATION

WHEREAS, The Honorable Mr. Jess W. Whitney, a member of the Board of The Teachers' Retirement System, State of Montana, has served diligently and faithfully as a Board member from July 1, 1962 to July 1, 1970 and as Chairman of the Board from July 1, 1965 to July 1, 1970, and

WHEREAS, It is the sincere and considered opinion and judgment of the members of the Board of The Teachers' Retirement System and its administrative staff, who have served with him during his years of membership, and the many members of The Teachers' Retirement System, that he has administered his office with ability, understanding, great judgment, justice and most commendable success, and

WHEREAS, He has contributed willingly and generously of his valuable time, talents, experience and counsel in the equitable administration of The Teachers' Retirement System and has exerted every effort in providing an equitable enforcement and interpretation of the teachers' retirement law, now, therefore,

BE IT HEREBY RESOLVED, that his fellow members of the Board, its administrative staff, and the members of The Teachers' Retirement System of Montana extend and express their sincere and heartfelt appreciation to Mr. Jess W. Whitney for his excellent, energetic and intelligent service, splendid leadership and outstanding accomplishments during the years he has served as Board member and as Chairman.

Leo Hayes

James N. Denny

Delores Callum

Paul D. Carney

ATTEST:

J. Hugh McKinny Executive Secretary



Retirement Board Meeting  
September 19, 1970

The meeting was called to order by the Vice-Chairman, Mr. Hayes. Members in attendance were Mr. Caruso, Mrs. Colburg and Mr. Dennehy, the new member of the Board from Butte. Also attending were the Actuary, Mr. Young, the Secretary, Mr. McKinny and Mr. John A. McPike of Moody's Alliance Capital Corporation. The Chairman extended a warm welcome to Mr. Dennehy.

The minutes of the May Board meeting, having been in the hands of the members prior to the meeting, were approved on a motion by Mr. Caruso and a second by Mr. Dennehy.

Mr. McPike of Moody's presented the investment report, reviewing the economy of the past six months and relaying Moody's predictions for the next six months. He also reviewed the System's bond portfolio and suggested that we continue our trading practices and continue to reduce the number of smaller bond holdings.

Mr. McKinny presented his work report, reviewed the monthly financial statement and the new format for the annual report to the Governor.

The Board complimented Mr. McPike on his fine report and the reports were ordered placed on file on a motion by Mr. Caruso and a second by Mr. Dennehy.

The Board reviewed the fourth quarter, 1970 payrolls and they were approved on a motion by Mr. Dennehy and a second by Mr. Caruso.

Retirement	approximately	\$370,000	per month
Office	"	4,900	" "

The Board next turned to the old business at hand and at the request of Mrs. Colburg discussed the lease rate of the lower level. She reported she had understood the rate would be \$3 (three dollars) per square foot and this was all she had in her budget and requested that this rate be established until June 30, 1971 when her new budget would take effect. After considerable discussion, Mr. Caruso moved that the rate be adjusted to \$3 per square foot until June 30, 1971. Mr. Dennehy seconded the motion which was approved.

The Secretary then conducted a tour of the office building pointing out different features of both the upper and lower levels.

The Board next considered necessary legislation for the upcoming session and the Secretary reported some teachers were interested in earlier retirement with guaranteed half of average salary at age sixty with thirty-five years of service. Also, the retired teachers were interested in legislation to increase benefits. The Secretary explained that legislation had been enacted in the past, which had never been used, that would require the state auditor to write all our checks. He had been informed that the auditor

wished to start writing all checks beginning July 1, 1971. He also thought that on that date the Land Board would want to begin investing our funds. After a discussion of the problems pending, Mr. Caruso moved that the Secretary draw up any legislation he thought necessary for consideration and discussion at the December meeting. Mr. Dennehy seconded the motion which was carried.

The Board next considered the mortgage offering of the Security Bank (Billings) and approved the purchase of the Moses Apartment with mortgage insurance following a motion by Mr. Caruso and a second by Mr. Dennehy. The Board declined to purchase the Llewelyn and associated mortgages as insurance for the loan was not available.

On a motion by Mr. Caruso and a second by Mrs. Colburg, the Secretary was instructed to attend the NCTR meeting in Honolulu September 27 - October 4.

The Board then considered the operational budget for 1971-73 and approved the following budget on a motion by Mr. Dennehy and a second by Mr. Caruso:

	<u>1971-72</u>		<u>1972-73</u>
Salaries	\$ 73,775.00		\$ 76,425.00
Employee benefits	<u>6,485.00</u>		<u>6,920.00</u>
	\$80,260.00		\$85,345.00
Supplies	\$ 4,500.00		\$ 4,950.00
Communication	5,670.00		6,250.00
Utilities	2,640.00		2,900.00
Travel	5,900.00		5,900.00
Contracted Services	14,900.00		16,380.00
Special Fees	7,100.00		5,600.00
Maintenance (machine)	6,150.00		6,815.00
Maintenance (building)	<u>500.00</u>		<u>500.00</u>
	\$47,360.00		\$49,295.00
Capital Equipment	<u>1,000.00</u>		<u>1,000.00</u>
	\$128,620.00		\$131,840.00

As a new member was now on the Board, the Secretary reported a Resolution was again required to clear his signature on warrants by the Treasurer's office. Resolution No. 56 was adopted for this purpose on a motion by Mr. Caruso and a second by Mrs. Colburg.

The Board then instructed the Secretary to draw up a Resolution of Appreciation to Mr. Jess Whitney for the fine service he had performed on the Board during his two terms as a member and chairman.

The following applications for retirement benefits were approved on a motion by Mr. Caruso and a second by Mr. Dennehy:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt.</u>
1. Anderson, Faye	Ystone	65	16	29	\$11,270.00	\$445.00	1
2. Anderson, Jean	Cascade	64		24½	5,433.33	113.41	1
3. Aird, Maurice J.	Uncl.	60		5	min. benefit	17.85	1
4. Buckley, Helen B.	Big Horn	60		24	4,085.00	80.76	1
5. Bakken, Ragnhild	Vested Rt	60	6	24	3,700.00	109.72	1

6.	Becken, Joyce	Sweet Grass	62	1	17	4,800.00	79.46	1
7.	Bergerson, Sarah H.	Fergus	66	7	18	7,290.00	173.94	1
8.	Bohn, Dorothy R.	Cascade	65	1	7 $\frac{2}{3}$	7,400.00	60.02	1
9.	Bond, Hilda	Lake	62		34	7,275.00	199.62	1
10.	Bond, Ralph	Lake	62		35	8,033.33	240.00	1
11.	Brewer, Ida	Carter	62		28	5,220.00	127.91	1
12.	Browning, Elsie V.	Cascade	60	6	33	9,286.66	312.37	1
13.	Brown, Marie Anne	Flathead	62	5	25	5,380.00	143.31	1
14.	Burby, Margaret	Silver Bow	67	1	10	9,156.25	94.61	1
15.	Burton, B. Z.	Stillwater	60		30	7,228.66	191.50	1
16.	Button, Marie Arrison	Cascade	68	9	33	13,550.00	444.49	1
17.	Chapin, Eunice W.	Flathead	65	4	28 $\frac{1}{4}$	9,180.67	257.39	1
18.	Charles, Florence D.	Silver Bow	68	10	33	9,571.67	338.02	1
19.	Cobban, Myron M.	Lake Co.	67		21	7,964.33	141.02	1
20.	Conn, Marie	Flathead	62	8 $\frac{1}{2}$	9	5,616.67	99.42	1
21.	Cookson, Rosella F.	Roosevelt	68	5 $\frac{2}{3}$	13	6,213.33	118.95	1
22.	Costello, Kathryn	Sheridan	69		11	6,198.15	67.69	1
23.	Cranston, Floyd A.	Cascade	65	9	29	8,490.00	295.34	1
24.	Crist, Alice M.	Roosevelt	64	2	18 $\frac{1}{4}$	7,012.00	121.38	1
25.	Culligan, Tillie R.	Sanders	64	8	24	4,816.67	143.72	1
26.	Cunningham, Helen B.	Big Horn	67	4	14 $\frac{1}{2}$	7,450.00	129.88	1
27.	Curran, Anastasia B.	Custer	64	9	32 $\frac{1}{2}$	8,140.00	286.40	1
28.	Dodge, Kathleen	Silver Bow	62	5	5 $\frac{1}{2}$	6,801.00	73.06	1
29.	Dougherty, Imo C.	Lewis & Clk	65	10 $\frac{1}{2}$	27	7,072.33	233.69	1
30.	Donally, Cordelia	Sanders	65	4	25	7,285.00	179.33	1
31.	Dunlop, Eugene A.	L & Clk	66	3	17	8,200.87	175.16	1
32.	Fister, Graeff F.	Missoula	65		6	6,989.00	40.74	1
33.	Fitz, Edna C.	St. Dept.	67	6	24 $\frac{1}{2}$	7,712.00	206.20	1
34.	Godward, Lillian	Daniels	62		10	7,415.00	65.34	1
35.	Halverson, Almer John	L & Clk	64	6	30 $\frac{1}{2}$	6,233.33	202.12	1
36.	Haynes, Esther E.	Msla	60	6 $\frac{1}{2}$	32	8,933.67	298.22	1
37.	Haynes, C. Isabel	Msla	62		31	8,930.33	219.51	1
38.	Hunton, Louise A.	Custer	61		21 $\frac{1}{3}$	4,280.67	77.09	1
39.	Jamison, Velma B.	Wheatland	63	6	18	4,766.67	111.21	1
40.	Jeppeson, C. Rulon	U of M	68	5	30 $\frac{1}{2}$	18,866.67	538.95	1
41.	Johnson, Arloine	Cascade	63	2	17	4,908.33	85.58	1
42.	Kaser, Fred F.	Ystone	66	16	30 $\frac{1}{2}$	10,865.00	456.23	1
43.	Kimball, Glenn D.	Treasure	65	8	12 $\frac{1}{2}$	8,056.66	161.25	1
44.	Kimball, Louise	Treasure	61	4	17 $\frac{1}{9}$	6,710.00	130.99	1
45.	Kimball, Vivian L.	Treasure	63	2	9	3,375.33	39.27	min benefit
46.	Koen, Olga O.	Cascade	65	10	27	9,560.00	320.51	1
47.	LaFond, Harriet I.	Phillips	61	5	24	7,261.67	186.02	1
48.	Langworthy, Rhea K.	Ystone	63		16	8,791.67	122.08	1
49.	Larson, Ina	Roosevelt	66	3	32	7,835.00	177.22	1
50.	Leffingwell, Lettie B.	Ystone	62		16	9,993.33	130.68	1
51.	Martinex, Sarah I.	Park	65	4	14 $\frac{1}{3}$	7,273.33	125.48	1
52.	Milam, Lillian B.	Ystone	62		6	5,240.00	28.73	1
53.	Mullins, Mary Frances	Silver Bow	62	9	33	9,383.02	343.15	1
54.	Oliver, Mary Alice	Gallatin	65	10	33	10,505.00	375.76	1
55.	Myers, Alpha L.	Ystone	65		15	8,791.66	118.08	1
56.	Osmundson, Mary Agnes	Dawson	64	3	13	4,333.33	67.83	min ben.



57.	Penny, Teresa	Silver Bow	66	12	23 $\frac{1}{2}$	6,968.70	228.73	1
58.	Pentz, Effie	Roosevelt	61	1	30	7,991.67	198.74	1
59.	Peterson, Rose J.	Granite	63	4	27	5,700.00	162.55	1
60.	Pinkerton, Florence D.	Beaverhead	61	4 $\frac{1}{4}$	14	8,713.60	145.25	1
61.	Plummer, Olive P.	Msla	62		9	5,416.67	43.84	1
62.	Robinson, Leona	McCone	62		6 2/3	4,771.67	28.50	1
63.	Ryan, Jack F.	U of M	64		12 $\frac{1}{2}$	9,808.33	113.71	1
64.	Sanborn, Jessie B.	Deer Lodge	62	10	24	8,057.88	252.18	1
65.	Shockley, Sarah Berry	Ravalli	65	6	30	6,983.33	222.16	1
66.	Slack, Charlotta	Flathead	67	12 $\frac{3}{4}$	33	8,347.33	322.60	1
67.	Soulsby, Helen Jane	Ystone	60	3	12	5,325.00	69.47	1
68.	Smith, Clare M.	Custer	63	3.5	14	min benefit	62.50	1
69.	Sprinkle, Sadie	Blaine	63	11	32 $\frac{1}{2}$	7,327.33	283.93	1
70.	Thorpe, Lena E.	Cascade	70	10	34	9,370.00	316.49	1
71.	Welsh, Willis J.	Flathead	67		26	10,609.53	235.73	1
72.	Winn, Francis G.	Silver Bow	70	15	33	9,571.67	389.93	1
73.	Wood, MildredK.	Hill	62	10	33	11,433.00	414.82	1
74.	Anderson, Clarence R.	Western	68	17	27 $\frac{1}{2}$	14,347.33	540.84	5
75.	Anderson, Cleone	Stillwater	63	9	18	5,966.67	165.73	5
76.	Armstrong, William H.	Teton	65	4	27	9,378.33	239.16	4
77.	Asbjornson, Dorothy V.	Fergus	61	5	22 $\frac{1}{2}$	5,466.67	144.99	4
78.	Basta, Agnes L.	Fallon	60	5	17	5,616.67	106.22	2
79.	Benich, Marian	Silver Bow	64	11 $\frac{1}{2}$	33	9,383.01	352.77	2
80.	Berges, George A.	Custer	70	13	33	16,066.67	443.65	5
81.	Berge, Julianne K.	Sanders	61		29	7,710.00	176.25	2
82.	Bond, Ailene L.	Lake	61		22	8,300.00	142.72	1
83.	Boyd, Charles O.	Ystone	64	9	33	10,401.67	361.08	2
84.	Carleton, Linus J.	U of M	66	12	32	19,080.00	607.91	4
85.	Chaney, Nelly	L & Clk	65	12	13 1/9	8,783.33	204.92	5
86.	Christie, Ann W.	Beaverhead	61		17	7,525.00	96.70	2
87.	Collins, Harold S.	Ystone	65		17	7,893.33	103.84	4
88.	Cromwell, Nita	Daniels	62	8	7 $\frac{1}{2}$	4,766.67	76.59	2
89.	Dahl, Oliver R.	Cascade	63		31 $\frac{1}{2}$	8,118.33	184.91	2
90.	Dahlberg, George	U o f M	70	14	31	14,000.00	296.28	3
91.	Dilly, Catherine C.	Lake	65	7	33	7,964.00	251.12	5
92.	Dracon, Gladys G.	Valley	70		17 2/3	5,666.67	90.35	2
93.	Dugan, Beatrice C.	Silver Bow	70	17	21	9,571.00	356.19	2
94.	Ensrud, Dorothea S.	Hill	60		16	8,188.67	106.81	5
95.	Fisk, Henry G.	Silver Bow	69		10	12,766.67	70.45	3
96.	Fuller, Dorothy D.	Gallatin	69	6	23	10,013.00	221.12	3
97.	Flynn, Loilla	Broadwater	63	1	13	7,531.67	90.85	2
98.	Gaustad, Carl J.	Fallon	62	3	20	8,167.00	155.79	4
99.	Gordan, Albie J.	Ystone	62	4.6	21	6,680.00	140.59	5
100.	Heftie, L. W.	Gallatin	64	10	32	10,733.33	316.79	5
101.	Holloron, Ruth	Ravalli	64	10	7	6,372.67	112.27	2
102.	Horvick, Gnevieve D.	L & Clk	60	7	32	8,366.67	241.11	5
103.	McCormick, Evelyn W.	MSU	66	2	24 $\frac{1}{2}$	13,601.00	386.98	2
104.	Miller, Dale A.	Cascade	62	12	31	11,303.11	380.99	4
105.	Olson, K. Florence	Cascade	68	2 $\frac{1}{2}$	19 3/4	8,916.67	166.28	5
106.	Osher, A. B.	Lake	65	8	29	9,000.00	290.85	2
107.	Putz, Ruth	Valley	65	12 $\frac{1}{2}$	31	8,231.00	297.13	5
108.	Rutherford, Margaret W.	Ravalli	63	6	14	5,238.00	101.06	2

109.	Sauber, Ruth L.	Stillwater	62	6	17	7,078.33	148.64	2
110.	Schelly, Emily	Chouteau	62	7	10	4,275.00	69.22	2
111.	Smith, K. D.	Custer	65	8	33 $\frac{1}{2}$	13,610.00	373.00	5
112.	Sturm, Vendla	Hill	61	5 $\frac{1}{2}$	15	8,671.00	143.42	3
113.	Sullivan, Helen A.	Silver Bow	62	10	33	9,382.67	343.32	2
114.	Tascher, Harold	U of M	70	8	29	16,490.00	508.94	2
115.	Wilson, Fred S.	MSU	70	13	31	15,933.33	454.72	5
116.	Willsey, Beatrice L.	Msla	62	6	32	9,063.00	280.31	2
117.	Boner, Agnes V.	U of M	63	1 3/4	30	15,922.67	387.45	1
118.	Hoefert, Lucretia M.	Lake	62	1	13 $\frac{1}{2}$	7,833.33	89.68	3
119.	Hord, Erma B.	Silver Bow	62		10	8,362.33	69.44	1
120.	Jenkins, Verna A.	Powell	69	5	14 $\frac{1}{2}$	8,443.00	161.92	1
121.	Jenson, Oral I.	L & Clk	60		6	5,326.67	28.73	1
122.	Kudrna, Hilda G.	McCone	65	4	9	5,004.00	76.00	1
123.	Monk, Mildred	Lincoln	62	8	18	8,145.00	189.94	1
124.	Roberts, Kathryn Healy	MSU	65	9	25	12,216.67	374.26	1

The following applications for disability benefits were approved on a motion by Mrs. Colburg and a second by Mr. Dennehy:

	<u>county</u>	<u>age</u>	<u>CS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt.</u>
1. Clifford L. Burnett (heart)	Golden Valley	52	30	\$9,533.33	\$162.61	3
2. Donelda L. Robinson (malignancy)	Yellowstone	58	18	5,410.00	112.71	1
3. Hildegard Shannon (sight)	Richland	55	12	4,350.00	86.70	2

The following applications for survivor's benefits were approved on a motion by Mr. Caruso and a second by Mr. Dennehy:

1. Violet M. Bleek age 50 Benefit: \$63.29	Survivor of LeRoy P. Bleek, Cascade Co. age 57 PS; 1 $\frac{1}{3}$ yrs. MS: 9 yrs. Average salary \$8,746.67 ASF 3,722.90
2. Sharon A. Callahan, age 28 Benefit: \$22.69 James P. Callahan, age 25 Benefit: \$23.19 Raymond G. Callahan, age 26 Benefit: \$23.37	Survivors of Elizabeth A. Callahan, Uncl. age 53 MS: 9 yrs PS: 4 yrs. Average salary \$8,139.33 ASF 3,208.98
3. Marjorie Ann Burson, age 22 Benefit: \$13.28 Karen J. McArthur, age 19 Benefit: \$13.00	Survivors of Margaret McArthur age 29 MS: 6yrs. Average salary \$6,066.67 ASF 1,918.33

4. Berneice Pankey  
age 61  
Benefit: \$209.69

Survivor of John Pankey, Toole Co.  
age 64  
MS: 24 $\frac{1}{2}$  yrs. PS: 11 yrs.  
Average salary \$8,133.33  
ASF 5,680.14

5. Ellen L. Parks  
age 50  
Benefit: \$69.76

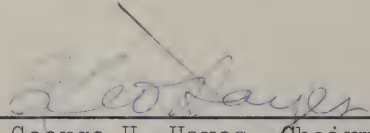
Survivor of Merton J. Parks, Park Co.  
age 54  
MS: 12.8 yrs.  
Average salary \$7,921.67  
ASF 4,403.66

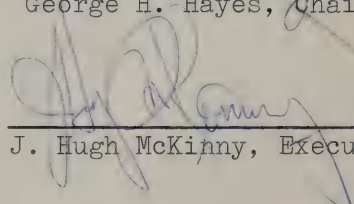
6. Dorothea J. Sprinkle  
age 41  
Benefit: \$108.71 plus  
\$100 a month for minor  
children.

Survivor of Robert S. Sprinkle, Valley Co.  
age 54  
MS: 15 yrs. PS: 3 yrs.  
Average salary \$9,583.33  
ASF 5,000.15

The Board next considered its organization for 1970-71 and Mr. Caruso nominated Mr. Hayes to be Chairman. Mr. Dennehy seconded the nomination. Mrs. Colburg moved that nominations for Chairman be closed and that Mr. Hayes be the new Chairman of the Retirement Board. Mr. Caruso seconded the motion which was unanimously approved. Mr. Caruso then nominated Mr. Burke as Vice Chairman. Mr. Caruso seconded the motion and Mr. Burke was unanimously elected Vice Chairman.

The next meeting of the Board was set for Saturday, December 5 at 9:00 a.m. and the meeting adjourned on proper motion and second at 12:10.

  
George H. Hayes, Chairman

  
J. Hugh McKinny, Executive Secretary



Executive Secretary's Report  
September 19, 1970

We moved into the office building on the 26th and 27th of May. The building was not complete but it was most certainly livable. It is not complete today as the final inspection has not been made by the State architect. Most of the work yet to be done is corrections and modifications. I hope, when it is completed, that I will understand the operation of all the automatic systems.

Shortly after we moved in, we had our first vandalism--three broken windows. The replacement cost was \$167. I hope the contractor's insurance will pay for it but we haven't discussed it yet. Our lawn sprinklers do not work now because vandals have broken off a number of sprinkler heads. I don't know how much that bit of vandalism will cost. In the budget, which I had to present to the budget office the 1st of August, I requested \$500 for vandalism in the next biennium and I wonder now if this is enough.

When I estimated the costs on our then proposed building, I surely missed on janitor service and electricity. The best price I got on janitor service, which includes the lawn and snow removal on the parking lot, was \$4,500 a year or about 75¢ a square foot and our power bill has been \$200 a month or about 40¢ a square foot for a total of \$1.15 for house-keeping costs. This is twice what I thought it would be.

We are now getting the last of our programs for our accounting system. We were late getting our statement program which in turn held up refunds until about the 1st of August. We had lots of complaints from people wanting refunds but our statement was well received by the teachers. We had some errors to correct but not as many as I had anticipated. We are now working on our retired teacher program and will have it completed shortly.

We have changed our method of initial contact with new teachers. Instead of waiting to get their names and then sending literature, we asked the superintendents to pass out our membership record forms at their first meeting, collect them and then send them back to us. The idea is working well and we should have the new sheets ready for posting long before we get contributions.

With our income down in the summer, our investments were limited to purchases made primarily in June. The mortgages are mostly  $8\frac{1}{2}$  FHA's discounted 5 points except the Lester Town House and Husted Building loans purchased from the Union Bank. We purchased these mortgages:

Western Montana Bank, Missoula	\$178,000.00
Commerce Mortgage Co., Missoula	123,000.00
Streeter Bros., Billings	110,000.00
Guaranty Company, Billings	202,000.00
Union Bank & Trust Co., Helena	185,000.00

We also purchased the following bonds:

\$250,000.00	Norfolk & Western RR Equips	8 7/8's of 85	Halsey, Stuart & Co
250,000.00	Standard Oil of New Jersey	$8\frac{1}{2}$ 's of 95	Halsey, Stuart & Co.
100,000.00	Westinghouse	8 5/8 of 95 @ 99.75	Piper, Jaffray & Hopwood

Our actuarial survey is not completed but we do have some interesting figures. Our average member is just over age forty-one, has 9.2 years of service and was paid \$8,475 last year. Our next program will show us just how few teachers we have in the 40-45 age group and yet it is the average age.

We have our fall conventions lined up and I will be at the MEA and also the AFT Convention in Missoula and the MEA in Billings the next day. Tom will have Glasgow and Great Falls.

Retirement Board Meeting  
December 5, 1970

The meeting was called to order by the Chairman, Mr. George Hayes at 9:05 a.m.. In attendance were members Mr. Dennehy, Mr. Caruso and Mr. Burke. Also attending were the Actuary, Mr. Young and the Executive Secretary Mr. McKinny.

The minutes of the September Board meeting, having been in the hands of the members prior to the meeting, were approved on a motion by Mr. Burke and a second by Mr. Caruso.

The Secretary presented his report and also reviewed the financial statement of the System and presented Mr. McPike's report of economic conditions. These reports were ordered placed on record on a motion by Mr. Caruso and a second by Mr. Burke.

The following payrolls for the 1st quarter of 1971 were approved on a motion by Mr. Burke and a second by Mr. Caruso.

Office	approximately	\$4,500.00 a month
Retirement	"	\$371,000.00 a month

The Board turned to the new business at hand and approved a servicing agreement for the Western Bank of Billings on a motion by Mr. Burke and a second by Mr. Dennehy.

The Board next considered the payment of the 13th check to retired teachers. The Secretary reported the interest rate to active teachers had been 5 per cent for the 1969-70 term and the interest assumption on our annuity tables was 3 per cent and the law permits the Board to issue an interest payment of the difference based on the present value of the retired teacher's annuity account. Mr. Burke moved that the interest payment be made and Mr. Caruso seconded the motion which was approved.

The Board next considered the revised mortgage on the Sleeping Giant Motel. The Board had originally approved the purchase of the mortgage with an SBA guarantee but the loan request was considerably larger than the original request (\$385,000 to present request of \$450,000). Mr. Caruso moved the Board purchase the mortgage at the new level provided commercial mortgage insurance could be secured by the borrower. Mr. Burke seconded the motion which was approved.

The Board next considered legislation for the upcoming legislative session and after a discussion of the benefit structure, Mr. Dennehy moved that a bill be introduced to change the formula to a guaranteed amount of one-half the average salary for thirty-five years of service at age sixty and the employer contribution be raised from  $4\frac{1}{2}$  per cent to 5 per cent to cover the cost of the increased benefit. Mr. Caruso seconded the motion which was unanimously approved.



The Secretary then reviewed the Reorganization Committee's proposals and the Montana Retired Teachers' Association's bills and the Board instructed the Secretary to make sure that any additional benefits requested by the MRTA should also have funds available to pay the cost.

The following applications for retirement benefits were approved on a motion by Mr. Caruso and a second by Mr. Burke:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average sal.</u>	<u>benefit</u>	<u>opt.</u>
1. Cole, Margaret M.	Rosebud	60	2	12	\$ 6,438.33	\$ 82.30	1
2. Eggenberger, Gladys	Wheatland	64	9	16	4,500.00	115.05	1
3. Elliott, Ruby	Yellowstone	62	3	32	9,346.67	272.03	1
4. Hempstead, Alta M.	VR	60	4 7/9	14 1/2	min benefit	69.02	1
5. Joubert, Eunice	Lake	69	10	14	6,560.00	158.07	1
6. Lauer, Thelma L.	MSU	68	11 1/2	29	12,833.33	435.14	1
7. Malmborg, Lawrence E.	Deer Lodge	61	6	29 1/2	10,059.69	316.56	1
8. Odden, Marguerite H.	VR	60	2	10 2/3	4,501.00	53.59	1
9. Robinson, Margaret	VR	60	6	16	3,373.33	78.54	min benefi
10. Ebeltoft, Charlotte	Flathead	60		31 1/3	8,347.33	206.67	1
11. Hager, Edith G.	VR	60	3	20	3,925.00	86.05	1
12. Van Der Wege, Myrtle	VR	60		17 2/3	5,119.80	73.95	1
13. Arnold, Lela Bell	Ravalli	60		18	6,220.00	93.92	2
14. Glanzer, Kathryn	Fergus	64		27	4,516.67	85.36	3
15. Grieder, Paul A.	MSU	71	2	29 3/4	15,316.67	366.08	5
16. Handy, Mathilda A.	Uncl.	67	5	12	5,016.67	85.37	2
17. Iverson, Norman F.	VR	60	5	14	5,000.00	93.39	2
18. Keilman, LeRoy J.	VR	60	3	13	3,766.67	50.98	5
19. Reich, Elsie M.	Gallatin	60	1	28	8,146.67	171.57	5
20. Smith, Louis D. S.	Vested Rt	60	3	17 1/2	18,344.00	285.54	4
21. Walle, Virgil L.	Mineral	64	1/2	19	8,160.00	137.18	2
22. Wilcox, Nellie L.	Ravalli	63		23	5,210.00	85.95	2
23. Flacker, Constance E.	Sheridan	60	3 1/2	22 2/3	8,240.00	173.83	2
24. Young, Minrie	Custer	61	8 1/3	17	8,140.00	213.15	2

The following application for disability benefit was approved on a motion by Mr. Caruso and a second by Mr. Burke:

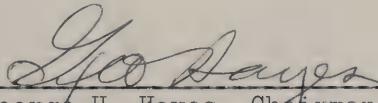
- Mary E. Strong Vested Rt Age; 53, CS: 19yrs., Average salary; \$3,550.00  
Benefit: \$73.96 Opt. #1

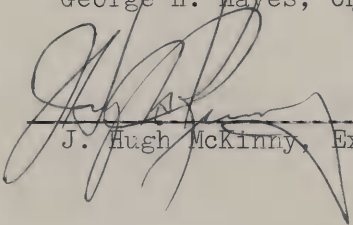
The following applications for survivor's benefits were approved on a motion by Mr. Caruso and a second by Mr. Dennehy:

- Linda S. Anna Survivor of James F. Anna, Cascade Co.  
age 26 yrs. age 27  
Benefit: \$25.53 MS: 5 yrs  
Average salary \$6,943.33  
ASF 1,826.91
- Clara Buchfink Survivor of Gerhart Buchfink, Uncl.  
age 39 yrs. age 44  
Benefit: \$97.80 CS: 17 3/4 years  
Average salary \$7,791.00  
ASF \$5,392.63

- |  |   |
|--|---|
| <p>3. Elizabeth N. Gibson<br/>age 39<br/><u>Benefit: \$65.96 + \$100 a</u><br/><u>month for children</u></p> | <p>Survivor of Wm K. Gibson, U of M<br/>age 42<br/>CS: 7 yrs.<br/>Average salary \$12,704.33<br/>ASF 3,256.74</p>                         |
| <p>4. Virginia Janey<br/>age 37<br/><u>Benefit: \$123.90</u></p>   | <p>Survivor of Jay Janey<br/>age 45<br/>CS: 19<math>\frac{1}{2}</math> yrs.<br/>Average salary \$9,685.73<br/>ASF 5,470.41</p>            |
| <p>5. Steven Morin<br/>age 61<br/><u>Benefit: \$223.42</u></p>   | <p>Survivor of Edna L. Morin, Uncl.<br/>age 62<br/>CS: 32<math>\frac{3}{4}</math> yrs.<br/>Average salary \$6,920.00<br/>ASF 6,708.99</p> |
| <p>6. Bob Vermillion<br/>\$50 per month to minor child,<br/>Tony Vermillion</p>                              | <p>Patricia Vermillion's account, Toole Co.</p>   |

The next Board meeting was set for March 20, 1971 at 9:00 a.m. and the meeting adjourned at twelve o'clock on proper motion and second.

  
George H. Hayes, Chairman

  
J. Hugh McKinny, Executive Secretary



Executive Secretary's Report  
December 5, 1970

After six months of occupancy, the building is still not finished. We need parking blocks and different colored partitions in the rest rooms. The building has been accepted by the state architect but, to insure completion, we are holding a \$400 check of the contractor's and we haven't as yet, paid him for the extra work in the basement.

The posting of teachers' contributions has been going fine. We have had some down time on the machine but we are posting contributions that have come into the office between November 23 and December 1. We are up to date in spite of three holidays in November.

Our only problem is to find time to handle the other programs such as posting the employer contributions and getting our retired teachers and mortgages on ledger. Since we have completed the "great teacher chase", we can now turn our efforts in other directions. To get more machine time, I have hired a girl to work four hours each evening which, I hope, will solve the problem of my working every evening. We have just enough money in the budget to pay her to the 1st of July.

Since the last meeting, we have invested in the following bonds and mortgages:

BONDS:

\$200,000	Mtn States Tel & Tel	9's of 2010	@ par	Piper, Jaffray & Hopwood Boetcher & Co.
250,000	Trailer Train Equip	10 $\frac{1}{2}$	@ par	Kidder, Peabody
250,000	Seaboard RR Equip	10 $\frac{1}{2}$	@ par	Solomon Bros.
200,000	General Mills Debs	8 7/8	@ par	Dain, Kalman Co.
13,000	Pillsbury Conv	4 $\frac{3}{4}$ of '89	@ 85	Eastman, Dillon Co.
250,000	GSCX Equip	9 $\frac{3}{4}$	@ par	Solomon Bros.

MORTGAGES:

\$140,000	1st Security Bank, Helena (Sedco)	10%	@ par
137,600	Union Bank -- to 9 points discount		
20,000	1st State Bank of Whitefish	9 $\frac{3}{4}$	@ par
142,100	Guaranty Co., Billings	8 $\frac{1}{2}$	@ 95
100,700	Streeter Bros., Billings	8 $\frac{1}{2}$	@ 95
40,600	Yellowstone Bank, Laurel	8 $\frac{1}{2}$	@ 95

Bond issues yielding over 9 per cent were all delayed delivery committed last spring and summer. The rates today are about 8 to 8.5. Forecasters are predicting a bigger year for home building and drops in rates but if bond rate declines are only temporary, I don't see how mortgage rates can be successful at lower levels.

We have been doing a lot of traveling and of course the big trip was to Hawaii to the "biggest and best" convention yet. What else can they say to the president.

Tom covered the Wolf Point and Great Falls MEA Conventions and



I had the AFT and MEA Conventions in Missoula and the MEA Convention in Billings. I also spoke at the administrator's meeting in Missoula and did estimates for the teachers in Billings. Tom spoke in Eureka, Kalispell and to students at Eastern. Next week, we hit Butte for estimates. I think we have 147 teachers interested.

Retirement Board Meeting  
March 20, 1971

The meeting was called to order by the Chairman, Mr. Hayes, at 9:00 a.m. In attendance were members Mr. Burke, Mr. Caruso and Mr. Dennehy. Also attending were Mr. Young, the Actuary, Mr. McPike of Mody's Alliance Capital Corporation and the Secretary, Mr. McKinny.

The minutes, having been in the hands of the members prior to the meeting, were approved on a motion by Mr. Burke and a second by Mr. Dennehy.

The Actuary reviewed his Quinquennial Report and suggested to the members that the actuarial tables should be changed from the present 1937 Standard 3 per cent Table to the 1951 Group Annuity 4 per cent Table, which is being used by most Teacher Retirement Systems today. After a short discussion, Mr. Burke moved that the proper resolution be drawn to change to the 1951 Group Annuity Table. Mr. Dennehy seconded the motion which was approved.

The Secretary presented his report and reviewed the financial statement. Mr. McPike presented his investment report. These reports were ordered placed on file on a motion by Mr. Caruso and a second by Mr. Burke.

The following payrolls for the second quarter of 1971 were approved on a motion by Mr. Dennehy and a second by Mr. Burke.

Retirement	\$375,000.00	per month (approx.)
Office	3,360.00	per month (approx.)

Turning to the new business at hand, the Board considered the request of the Richland Bank of Sidney for a Servicing Agreement for guaranteed mortgages and the Western Bank of Billings' request for a Servicing Agreement for conventional mortgages. Mr. Burke moved that the Secretary be instructed to secure the proper signatures for both Agreements. Mr. Caruso seconded the motion which was approved.

The Secretary's request to attend the NCTR Executive Council meeting in San Diego the first week in May was approved on a motion by Mr. Burke and a second by Mr. Dennehy.

The Board next discussed the problem of University faculty members who are teaching beyond age seventy without being able to accumulate any further retirement credits and the Secretary was instructed to write to the Attorney General to see which formula should be used in calculating their benefits,--that is, the one in effect when they reached age seventy or the one in effect when they apply for retirement. The motion was made by Mr. Dennehy and seconded by Mr. Caruso.

With interest due on redeposits and the purchase of out-of-state

service after July 1, 1971, the Secretary requested a ruling on the effective date of the first interest. After a short discussion, Mr. Burke moved that since the System only credited interest once a year, interest payments would not be required until June 30, 1972 and that interest would be due for the entire year. Mr. Dennehy seconded the motion which was approved.

Since the investment function of the Board has been transferred to the Department of Administration and their new office has not yet been organized, Mr. Dennehy moved the Secretary be instructed to see the Governor as soon as possible to request the System continue its investment functions until such time as ordered not to do so. Mr. Caruso seconded the motion which was approved.

Mr. Dennehy then moved the Chairman write the Governor on behalf of the Board requesting the appointment of Mr. McKinny to the new Investment Board in the Department of Administration. Mr. Caruso seconded the motion which was approved.

The following applications for survivor's benefits were approved on a motion by Mr. Burke and a second by Mr. Caruso:

- |  |  |
|--|--|
| 1. Margaret J. Fleming<br>age 45<br>Benefit: \$132.52 +<br>\$400 for children. | Survivor of Raymond P. Fleming, Deer Lodge Co.<br>age 49<br>22 yrs creditable service<br>Average salary \$9,735.00<br>ASF 6,114.80 |
| 2. Herman Harding<br>age 51<br>Benefit \$74.32 +<br>\$50 a mo. for child       | Survivor of Marilyn Harding, Stillwater Co.<br>age 40<br>10 $\frac{1}{3}$ yrs service<br>Average salary \$7,253.33<br>ASF 2,950.21 |

The following applications for disability benefits were approved on a motion by Mr. Burke and a second by Mr. Caruso:

- |                                     | <u>county</u> | <u>age</u> | <u>CS</u>        | <u>average salary</u> | <u>benefit</u> |
|-------------------------------------|---------------|------------|------------------|-----------------------|----------------|
| 1. Dorothy Wood<br>(heart)          | Jefferson     | 57         | 5.1              | \$6,000.00            | \$125.00       |
| 2. Marie E. Carlson<br>(vocal cord) | Lewis & Clk   | 57         | 20 $\frac{1}{2}$ | \$3,735.67            | \$ 95.61       |
| 3. Drummond, Barta<br>(mental)      | Missoula      | 57         | 14 $\frac{1}{2}$ | 8,836.00              | 184.08         |
| 4. Schiller, Irene S.<br>(heart)    | Custer        | 51         | 5.1              | 3,184.25              | 66.34          |

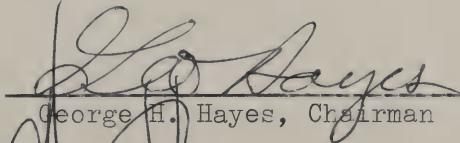
The following applications for retirement benefits were approved

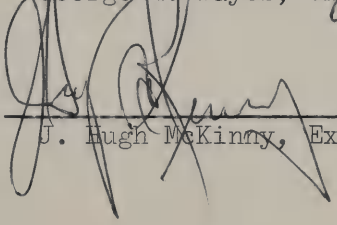
on a motion by Mr. Burke and a second by Mr. Caruso:

	<u>county</u>	<u>age</u>	<u>PS</u>	<u>MS</u>	<u>average salary</u>	<u>benefit</u>	<u>opt.</u>
1. Bussell, Dorothy E.	Uncl.	60		5	\$5,545.00	\$ 25.82	1
2. Carson, Ruth G.	Broadwater	68	10.5	22	6,300.00	200.95	1
3. Cooke, Mary E.	Ystone	64	8.5	21 $\frac{3}{4}$	7,863.33	227.14	1
4. Dann, Orpha W.	Blaine	62		5 $\frac{1}{3}$	4,557.33	23.10	1
5. Fjeld, Lucille A.	Teton	65	5	20	7,206.67	173.12	1
6. Grenz, Carl G.	Richland	60	4 $\frac{1}{3}$	30 $\frac{1}{2}$	9,000.00	224.37	5
7. Groom, Irene D.	Vested Rt	60		24 $\frac{1}{2}$	9,266.67	172.24	1
8. Helmann, Jeanette M.	Big Horn	60	4	15	7,261.67	124.83	2
9. Herigstad, Audrey	Custer	64	9	25	5,743.41	178.76	2
10. Jackson, Mabel A.	Judith Basin	67	9	9	6,034.21	113.71	1
11. Hubert W. Keltner	Vested Rt	60	3 $\frac{3}{4}$	15	7,000.00	102.26	6(20-pay)
12. Loughney, Ercel	Carbon	60	5	14	5,905.00	93.16	3
13. Montgomery, Altha F.	Big Horn	66	14	33 $\frac{1}{2}$	5,600.00	232.48	1
14. McMasters, Marjorie G.	Jefferson	66	11 $\frac{2}{3}$	5 $\frac{1}{3}$	5,700.00	89.40	3
15. Michelotte, Mary K.	Silver Bow	65	8 $\frac{1}{2}$	33 $\frac{1}{2}$	9,998.77	334.96	2
16. Meisel, Thelma Pearl	Cascade	60	3	23	5,858.33	133.64	2
17. Russell, Thale Scott	Roosevelt	64	7	5 $\frac{1}{2}$	7,240.67	94.73	1
18. Ostrum, Thea O.	Vested Rt	60	3	20	5,036.67	103.49	2
19. Forssen, Berenice L.	Cascade	61	8	25 $\frac{1}{2}$	5,500.00	172.19	2
20. Phillips, Marjorie M.	Uncl.	60	8	14 $\frac{1}{2}$	4,733.33	106.80	1
21. Perry, Iva B.	Sanders	62	3	27 $\frac{1}{6}$	8,706.67	205.71	2
22. Rigby, Mary F.	Ystone	63	8	20 $\frac{1}{2}$	10,160.00	262.20	2
23. Roath, C. W.	MSU	66		33 $\frac{1}{2}$	13,533.33	286.60	5
24. Rustad, Helen B.	Teton, Vr	60	3	22	7,233.33	162.96	1
25. Sherrick, Anna P.	MSU	71		32	14,886.67	365.88	2
26. Sivertson, Ethel K.	Wheatland	64		21 $\frac{1}{2}$	4,750.00	92.06	1
27. Smith, Dorothy R.	Rosebud	60	3 $\frac{1}{2}$	16 $\frac{1}{2}$	5,250.00	98.44	1
28. Steele, Herbert L.	Vested Rt	60		18	11,000.00	152.55	2
29. Taylor, Ethleen M.	Powell	61	9	5	6,515.67	96.37	1
30. Wright, Margaret M.	Dawson	66		29 $\frac{1}{3}$	5,650.00	134.14	2
31. Warthen, Verna W.	Mineral	64	3	23	7,535.00	178.51	1
32. Yager, Emma Ruth	Vested Rt	60		13	4,333.33	55.94	1
33. Yanzick, Elora B.	Lake	65	1	16 $\frac{1}{2}$	8,420.33	122.04	2

The next meeting of the Board was set for nine o'clock, Saturday morning, June 5, 1971

The meeting adjourned at 10:45 a.m. on proper motion and second.

  
George H. Hayes, Chairman

  
J. Hugh McKinny, Executive Secretary





Actuary's Quinquennial Report  
March 1, 1971

The quinquennial survey of The Teachers Retirement System for 1970 reveals the impact of the removal of salary ceilings quite dramatically.

It should be brought to mind that these figures were produced using the 1937 standard annuity table with 3 per cent interest.

The effect of the higher yields on investments will be felt much more in the 1970's than is reflected in the 5-year survey just completed.

The new legislation passed in 1971 gives more leeway than the Retirement System has had in the past.

The Board can now authorize that all future retirements shall be based on the 1951 group annuity table of mortality with 4 per cent interest and continue to set the interest rate on all annuity savings deposits and also continue the practice of paying the retired teachers a thirteenth check to make up the difference between the rate being paid on savings accounts and the 4 per cent interest on the retired teachers' pensions.

The 1951 Group Annuity Table is a realistic basis for figuring benefits in that the limiting age is 112 years. It is also a table built on mixed lives eliminating the necessity of a breakdown between the males and females and will save computer time when future reserves on active and retired lives are to be again calculated.

Submitted by Floyd E. Young, Actuary

THE TEACHERS RETIREMENT SYSTEM

Statement of Assets and Liabilities  
The Teachers Retirement System  
June 30, 1970

## ASSETS:

Ledger Assets

Cash with the State Treasurer	\$	97,271.64
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Investments:

Real Estate Mortgages, FHA & VA		24,688,513.87
U. S. Gov't Bonds & Debentures		2,488,550.00
Public Utility Bonds		17,794,464.00
Corporate Bonds		13,440,960.69
Real Estate		178,726.59
Premium		<u>45,770.02</u>

Total Ledger Assets		\$ 58,734,256.81
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Non-Ledger Assets

Accrued Interest		516,367.46
Present value of future state payments		<u>68,855,332.54</u>

Total Non-Ledger Assets		<u>69,371,700.00</u>
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TOTAL ASSETS		<u>\$128,105,956.81</u>
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## LIABILITIES:

Ledger Liabilities

Annuity Savings Fund	\$35,336,708.30	
Pension Accumulation Fund	15,672,464.50	
Annuity Reserve Fund	7,300,163.58	
Pension Reserve Fund	<u>424,920.43</u>	

Total Ledger Liabilities		\$ 58,734,256.81
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Non-Ledger Liabilities

Additional Pension Reserve - Required	33,604,000.00	
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Additional Disability Reserve, Required	32,700.00	
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Additional Reserve for Retired Persons, Required	35,400,000.00	
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Additional Reserves for Survivor's Benefits, Required	<u>335,000.00</u>	
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Total Non-Ledger Liabilities		<u>69,371,700.00</u>
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TOTAL LIABILITIES		<u>\$128,105,956.81</u>
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Executive Secretary's Report  
March 20, 1971

The Reorganization Bill the Governor signed stripped away many functions of the Retirement System. We have been placed under the Department of Administration for "administrative purposes only," which--although I am not too sure what it means--will take away all of our check writing functions. It will not lessen our work, however, as it will take more effort to get the claims ready to process than it did to write the checks. Also, the auditor's office will charge us for writing the checks, which will be about 20 cents a check including postage. It costs us about 10 cents each on our retirement payroll now. What other costs we will have to pay, for services we don't need or don't want, I would hate to guess.

We will continue as a Board which will set policy and I believe hire its own personnel. I do believe that a companion bill was also passed that will let the Department of Administration set the salaries of the employees, however.

Our success with HB 178, which guarantees half pay at age sixty for thirty-five years of service, has surprised a great many teachers. They just didn't think we could do it. In selling the bill to the Senate Education Committee, I said if we have 100 additional teachers retiring this year, the reduction of salaries would make up the increased cost of the bill. I anticipated an increase, but not that many. Now, I am not so sure. The correspondence has been extremely heavy. Everyone wants estimates and applications. I have had to turn down several requests to speak as I just haven't the time.

With the passage of SB 274, we no longer have any investment functions. A new department is to be set up within the Department of Administration to do the investing for the state. This becomes effective with the signing of the bill but the Governor has until December, 1972 to put it into action.

Thursday, the Governor signed HB 446, which increases the minimum benefit to \$2,000 a year for thirty-five years, or increases the benefit of every teacher retired before July 1, 1969 five per cent--whichever is the larger. The cost is offset by a  $\frac{1}{8}$  per cent increase in employer contribution. This will give us another big project for the spring. With the increase in employer contribution in the bill, the employer contribution rate is now  $5\frac{1}{8}$  per cent which, of course, exceeds the employee's contribution.

Mr. Schneider resigned the 1st of February and left us the 1st of March. With the reorganization ahead of us, I have not looked for a replacement. As soon as I can be assured that I can offer a position with some stability, I will start looking for a replacement. In the meantime, I will try to raise Mrs. Steen's and Mrs. Morris's salary and, without the "investment function," I think we can handle the work for awhile.



## Special Retirement Board Meeting

May 1, 1971

The meeting was called to order at 9:00 a.m. by the Chairman, Mr. Hayes. In attendance were members Mr. Burke, Mrs. Colburg, Mr. Caruso and Mr. Dennehy. Also attending were the actuary, Mr. Young and the Secretary, Mr. McKinny.

At the request of the Board, Mr. Keith Colbo, the Budget Director for the State, was in attendance to explain the relationship of the Retirement System to the Department of Administration under the Executive Reorganization. Mr. Colbo explained to the Board that most of the plans for reorganization were a long way from being implemented. He reported that an effort would be made to put the new accounting system into operation the 1st of July but no other dates had been set. The agency to invest the System's funds had not been started at all. Mr. Colbo reported that the Retirement System would still own and occupy its own building, hire its own personnel and operate as it had in the past but without the investment function and that salaries would be set by the Department of Administration. The Board thanked Mr. Colbo for his explanation and he was excused from the meeting.

The Board next considered the mortgage offerings--one for the Security Bank of Billings and the other for the Security Bank of Helena.

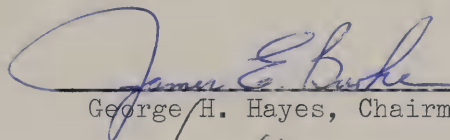
The Billings mortgage was on the Moses Apartment house which the Board had previously approved. The apartment had not yet been started and the owners wished to re-negotiate the interest. After a short discussion, Mr. Dennehy moved that because of the decline in mortgage rates, the System purchase the mortgage at 8.5 per cent. Mr. Burke seconded the motion which was approved.

The Board next considered the Sedco mortgage through the Security Bank of Helena. This is an office building leased to the State of Montana. The Board agreed to purchase the mortgage at 8.5 per cent on a motion by Mr. Dennehy and a second by Mr. Burke.

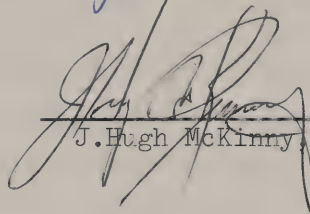
With reluctance, the Secretary then presented his letter of resignation. He reported that he had been employed as the Executive Secretary of the Washington State Teachers Retirement System and he felt he could not pass up the opportunity and the challenge. The effective date of the resignation would be July 5, 1971.

With the Board's acceptance of the resignation, they next decided on the recruiting procedure for a replacement and the Secretary was instructed to advertise to the University Units, teacher groups, the Department of Public Instruction and the school administrators of the state. Applicants were to apply before May 21, 1971, and the Board would meet in executive session on May 22 to select applicants for interviews.

The next Board meeting was set for Saturday morning, May 29 and the meeting adjourned at 10:30 a.m. on proper motion and second.

A handwritten signature in blue ink, appearing to read "George H. Hayes", written over a horizontal line.

George H. Hayes, Chairman

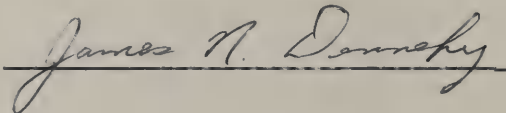
A handwritten signature in black ink, appearing to read "J. Hugh McKinny", written over a horizontal line.

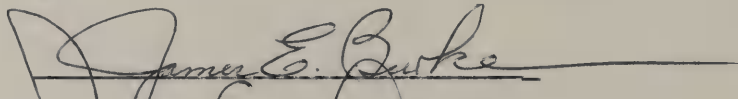

J. Hugh McKinny, Executive Secretary

## Resolution No. 58

BE IT RESOLVED that the interest rate on the Annuity Savings Fund for 1971-72 be five and one-half per cent ( $5\frac{1}{2}\%$ ) and that the actuary continue to use our own experience on deaths and withdrawals and interest at four per cent (4%) in calculation of reserves for active teachers and that the 1951 Group Annuity Table, adjusted to 1965, at four per cent (4%) be used in calculation of all retirement benefits.

  
George H. Hayes, Chairman



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Retirement Board Meeting  
May 28, 1971

The meeting was called to order at 9:00 a.m. by the Chairman, Mr. Hayes. In attendance were members Mr. Burke, Mr. Caruso and Mr. Dennehy. Also attending were Mr. Young the actuary, Mr. McKinny the secretary and Mr. Alton Hendrickson.

The chairman, Mr. Hayes, reported the Board had met in executive session, Friday, May 21. The Board interviewed five persons, Mr. Alton Hendrickson, Mr. Owen L. Morris, Jr., Mr. Leo Shepherd, Mr. John Noble and Mr. Thomas E. Schneider, for the position of Executive Secretary. At the conclusion of the interviews, the Board had selected Mr. Hendrickson for the position of executive secretary.

The minutes of the March 20 and May 1, 1971 meetings, having been in the hands of the members prior to the meeting were approved on a motion by Mr. Burke and a second by Mr. Dennehy.

The Secretary presented his work report and reviewed the financial report and they were ordered placed on file on a motion by Mr. Dennehy and a second by Mr. Burke.

The following payrolls were approved for the 3rd quarter of 1971:

Retirement	\$380,000.00	per month approximately
Office	4,500.00	" " "

These were approved subject to any additions that would be approved later in the agenda on a motion by Mr. Burke and a second by Mr. Dennehy.

The following budget for 1971-72 was approved on a motion by Mr. Burke and a second by Mr. Dennehy:

	<u>1969-70</u>	<u>1970-71 (April)</u>	<u>1971-72</u>
1. Salaries	\$ 51,764.14	\$41,036.72	\$ 72,796.00
2. Employer Contribution	4,801.01	4,235.06	6,872.00
3. Supplies	3,944.30	2,491.31	4,200.00
4. Communication	4,968.10	4,414.63	5,670.00
5. Utilities		2,102.99	2,640.00
6. Travel	5,585.66	3,607.94	5,200.00
7. Contracted Services	13,120.78	9,353.70	14,700.00
8. Special Fees	6,390.00	4,795.00	6,000.00
9. Maintenance	2,613.89	2,310.52	6,150.00
10. Equipment	<u>66,299.05</u>	<u>8,257.86</u>	<u>800.00</u>
	\$159,487.83	\$82,605.75	\$125,528.00

After a discussion of the interest earnings for 1970-71, Mr. Burke moved the interest rate for the annuity savings accounts be set at  $5\frac{1}{2}$  per cent. Mr. Dennehy seconded the motion which was approved.

The Board next considered a change in the annuity tables from the present 1937 Standard Annuity Tables at 3 per cent to the 1951 Group Annuity Table projected to 1965 at 4 per cent. After a thorough discussion, Mr. Burke moved the



Secretary be instructed to draw up a Resolution for the System to adopt the 1951 Group Annuity Tables projected to 1965 with the female age dated back five (5) years from the male age. Mr. Dennehy seconded the motion which was approved.

The following applications for survivor's benefits were approved on a motion by Mr. Dennehy and a second by Mr. Burke:

- |                                |   |
|--------------------------------|---|
| 1. Barbara Jette<br>3 children | Survivor of Arthur Jette, University of Montana |
| 2. Chris Zeitner<br>2 children | Survivor of Gladys M. Zeitner, Lewis & Clark    |
| 3. Alice Roberts               | Survivor of Chester Roberts, Eastern            |
| 4. Ida Hinz                    | Survivor of Paul Hinz, Roosevelt                |

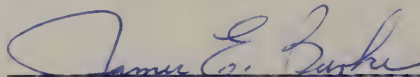
The following applications for disability benefits were approved on a motion by Mr. Dennehy and a second by Mr. Burke:


- |                         |               |                 |
|-------------------------|---------------|-----------------|
| 1. Gene Brown           | Lewis & Clark | (stroke)        |
| 2. Marie D. Carlson     | Lewis & Clark | (vocal cord)    |
| 3. Lucille Forsman      | Missoula      |                 |
| 4. Julia M. Henkel      | Lewis & Clark | (arm paralysis) |
| 5. Louise Janssen       | Sheridan      | (arthritis)     |
| 6. Joan B. O'Rourke     | Yellowstone   |                 |
| 7. Elizabeth M. Spencer | Cascade       | (mental)        |

The Secretary then reported the receipt by May 28 of 112 applications for retirement allowance that would have to await final calculation pending the receipt of the new annuity tables.

The Board then turned to its organization for the 1971-72 fiscal year and Mr. Dennehy moved that Mr. Burke be elected Chairman. Mr. Caruso seconded the motion which was unanimously approved. Mr. Dennehy then moved that Mr. Caruso be elected the Vice-Chairman. Mr. Burke seconded the motion which was also approved. Mr. Burke then moved Mr. Hendrickson be elected the Executive Secretary. Mr. Dennehy seconded the motion which was unanimously approved. Mr. Burke then thanked Mr. Hayes on behalf of the Board for his most useful, diligent and faithful service to The Teachers Retirement System. He also, on behalf of the Board, thanked Mr. McKinny for his past services and wished him great success on his new position with the State of Washington.

The next regular meeting was set for 9:00 a.m., Saturday, September 18, 1971 and the meeting adjourned on proper motion and second.

  
James E. Burke, Chairman

  
Alton P. Hendrickson,  
Executive Secretary

## Executive Secretary's Report

May 28, 1971

We have had a tremendous load of correspondence this past quarter. The amending of the law, changing both active and retired teacher's benefits, has, of course, been the cause. I would hate to guess the number of estimates I and the girls have done. At last count, we had received 112 signed applications for retirement and we must have that many more out awaiting the teachers' decisions. At this time in the spring, we usually have received only about fifty applications. We have not made the final calculations on any of these as we are awaiting our new annuity tables. With first checks going out the end of July, we still have about two months to get them ready.

We have been getting our house in order. With much effort, we balanced out on our bonds and we are now working on the mortgages. We should have them balanced out next week. We finished balancing the ASF accounts this week but this is not so difficult as we do it five or six times a year.

The bond market has been fluctuating pretty wildly the past two months. It was at a peak at the last Board meeting and AAA bonds were selling at about  $7\frac{1}{4}$  per cent. Since that time, it weakened and AAA bonds got up to  $8\frac{1}{4}$  then strengthened again and they are now at  $7\frac{3}{4}$ . FHA rates fell from  $8\frac{1}{2}$  per cent to 7 per cent and there is talk that the rates might go back up again if housing starts to fall off. We have not had any mortgage offerings at the new rates but we should before too long.

During the past two months we have purchased the following bonds:

Montana Power Co.	$7\frac{1}{2}$ of 2001	@ par	\$ 600,000	Smith, Barney & Co.
Burlington Northern	$8\frac{1}{2}$ of 1996	@ par	250,000	First Boston
Kennecott Copper	7-7/8 of 2000	@ 97	300,000	Smithers & Co.
Pet Milk	8's of 1991		50,000	Paine, Weber
Phillips Petroleum	7-5/8 of 1991	@ 99.5	200,000	Blyth & Co.
Youngston Sheet & Tube	$10\frac{1}{2}$ of 2000		250,000	Smith, Barney & Co.
Armstrong Cork	8's of 5/91	@ par	250,000	First Boston
Atcheson, Topeka & Santa Fe	7-1/8 of '82	@ $93\frac{3}{4}$	250,000	Drexel Firestone
Monongahela Pwr Co.	8-7/8 of 2001	@ 101.85	250,000	Smith, Barney & Co.
So. New England Tel	8-1/8 of 2008	@ $98\frac{1}{2}$	250,000	Halsey, Stuart

Interest rates in the near future should continue to rise; if not during the summer, when they usually do not, at least in the fall. There is still a heavy demand for capital and to keep United States money from going abroad, the short-term rates must be held at higher than present rates.

April 30, 1971

Mr. George H. Hayes, Chairman  
The Teachers' Retirement Board  
Helena, Montana 59601

Dear Mr. Hayes:

The Board of Trustees of the Washington State Teachers' Retirement System has offered me the position of Executive Director of their System. This, of course, is a real opportunity and a real challenge for me and I feel that I must accept. I do regret having to resign my position, which I have held so many years, with the Montana Teachers' Retirement System. My resignation is effective July 6, 1971.

I have enjoyed working with the Board and my many friends in Montana for the improvement of the Retirement System and the improvement of the educational system in Montana.

Sincerely,

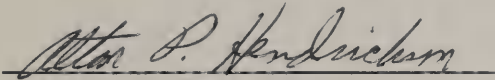
(signed) J. Hugh McKinny

JHM/dm

## Resolution No. 59

WHEREAS, Section 75-6206 (3), Revised Codes of Montana, 1947, required that, "The state treasurer is the custodian of the collected retirement system moneys and of the securities in which said moneys are invested. All expenditures from such moneys shall be made only upon claims signed by two (2) persons designated by the retirement board. A properly attested copy of a resolution of the retirement board designating such persons and bearing on its face specimen signatures of each person shall be filed with the state controller as his authority for approving such claims."

RESOLVED, that the Teachers' Retirement Board hereby designates Alton P. Hendrickson, Executive Secretary, and Owen L. Morris, Jr., Assistant Executive Secretary, whose signatures appear below, to sign all claims for expenditure of moneys on deposit with the State Treasurer for the account of The Teachers Retirement System.

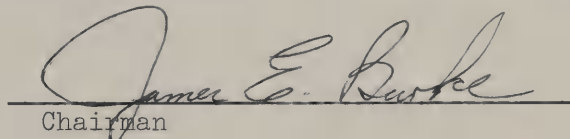


Alton P. Hendrickson,  
Executive Secretary

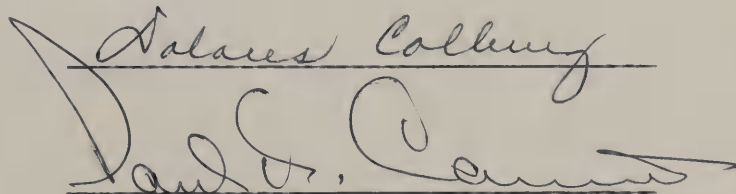


Owen L. Morris, Jr.,  
Assistant Executive Secretary

RESOLVED FURTHER, that a copy of this Resolution be filed with the State Controller as his authority for approving such claims.



Chairman




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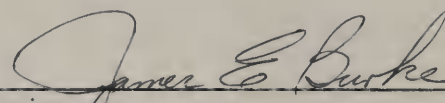
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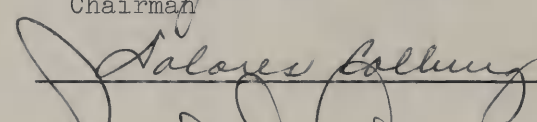


## Resolution No. 60

BE IT RESOLVED THAT, Alton P. Hendrickson, Executive Secretary, is hereby authorized and empowered to sell and assign any and all securities of any description now and hereafter owned by the Teachers' Retirement Board, Minnie S. Fullam Fund, and

RESOLVED FURTHER THAT, any and all assignments or sales of any such securities registered in the name of, or assigned to the Teachers' Retirement Board, Minnie S. Fullam Fund, hereafter made by the above named officer, are hereby ratified and confirmed.

  
Chairman

  
Valores Ballung

  
Paul D. Canine

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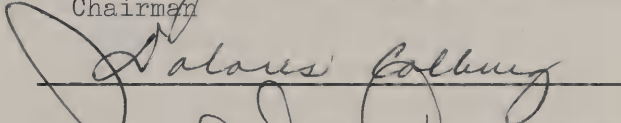
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## Resolution No. 61

BE IT RESOLVED, that the Executive Secretary of The Teachers' Retirement System is hereby requested, authorized and directed to sign any and all documents as the authorized representative of the Board.

RESOLVED FURTHER, that in the absence of the Executive Secretary the Assistant Executive Secretary is hereby delegated the same signatory authority as the Executive Secretary.

  
Chairman

  
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Retirement Board Meeting (Special)  
July 15, 1971

A special meeting of The Teachers' Retirement Board was called to order by the Chairman, Mr. Burke, at 9:00 a.m., July 15, 1971. The following members of the Teachers' Retirement Board were present: Chairman, James E. Burke, Paul D. Caruso and Dolores Colburg. James N. Dennehy was excused. Also attending were Alton P. Hendrickson, Executive Secretary and Owen L. Morris, Jr., Assistant Executive Secretary.

The Secretary presented Resolution No. 59 for consideration by the Board which authorized the Executive Secretary and the Assistant Executive Secretary to sign all claims for expenditure of moneys on deposit with the State Treasurer for the account of The Teachers' Retirement System. Mrs. Colburg moved for the adoption of Resolution No. 59 and it was seconded by Mr. Caruso. The motion carried unanimously.

The Secretary next presented for consideration of the Board Resolution No. 60 authorizing the Executive Secretary to sell and assign any and all securities of any description now and hereinafter owned by The Teachers' Retirement Board, Minnie S. Fullam Fund. Mr. Caruso moved the adoption of Resolution No. 60, seconded by Mrs. Colburg and carried unanimously.

Resolution No. 61 was presented to the Board which would authorize and direct the Executive Secretary or the Assistant Executive Secretary to sign any and all documents as the authorized representative of the Board. Mrs. Colburg moved for the adoption of Resolution No. 61. It was seconded by Mr. Caruso and unanimously approved.

Upon the recommendation and request of the Executive Secretary for an audit of The Teachers' Retirement System, Mr. Caruso moved that a proposal for an audit by the firm of Anderson and Zur Muehlen be accepted. The motion was seconded by Mrs. Colburg and was approved unanimously.

The Board next considered the approval of salaries to be paid for the fiscal year upon a motion by Mrs. Colburg which was seconded by Mr. Caruso. The following salary schedule was unanimously approved:

Alton P. Hendrickson	\$14,700.00
Owen L. Morris, Jr.	11,664.00
Richard L. Stang	7,800.00
Dorris V. Morris	7,776.00
Elizabeth Steen	7,128.00
Elsie Wilcox	6,396.00
Margaret Ramberg	5,443.00
Elizabeth Temple	5,103.00

A discussion followed concerning the Minnie S. Fullam Fund and Chairman Burke requested that an accounting be made of this fund and reported at the next regular meeting of the Board.

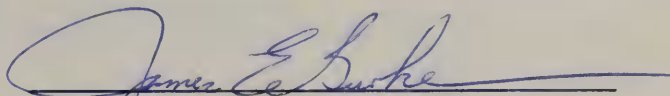
Mr. Caruso stated that he had been contacted by an attorney representing Thomas E. Schneider regarding an amount of annual leave which Tom claimed he had not been paid. The Assistant Executive Secretary was directed by Chairman Burke to investigate this matter and report back at the next meeting of the Board.

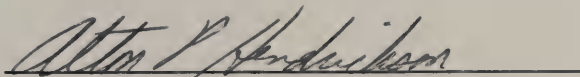
Mrs. Colburg informed the Board that she would be vacating the office space in the basement of The Teachers Retirement System building presently leased to the Superintendent of Public Instruction and inquired as to the wishes of the Board whether it would be more desirable to sublease the basement or, if a suitable renter could be found, to terminate the present lease and re-negotiate with the new tenant. It was the consensus of the Board that the matter be left to the discretion of the Executive Secretary and Mrs. Colburg.

Mr. James Howeth, State Investment Officer, was admitted. The Board asked if investment procedures would remain the same as in the past except that the actual investing would be done by the Investment Officer. Mr. Howeth replied that although the investing would be done through his office, he would welcome and consider any recommendations from this office.

The Board next considered a proposal by the Billerbeck-Jensen corporation for a loan of \$600,000 for a term of 25 years at 8.5 per cent. It is the intention of the Billerbeck-Jensen Corporation to purchase the existing old Deaconess Home and adjacent property. The old Deaconess dorm building will be leased to the school district of Helena for their use as a dorm for students in the Vo-Tech program. In addition, they will erect a new furniture store building and a new office building of about 10,000 square feet each. The total appraised value of the property and improvements is approximately \$1,073,050. After considerable discussion, it was moved by Mrs. Colburg that the Board invest \$600,000 as a loan to the Billerbeck-Jensen Corporation at the terms as previously stated. The motion was seconded by Mr. Caruso and approved unanimously.

The next Board meeting was set for 9:00 a.m., Saturday morning, September 18, 1971. The meeting adjourned at 1:00 p.m. on proper motion and second.

  
James E. Burke, Chairman

  
Alton P. Hendrickson,  
Executive Secretary



## Retirement Board Meeting (Special)

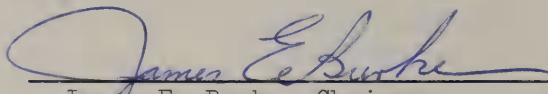
August 27, 1971

The special meeting of The Teachers' Retirement Board was called to order at 9:00 a.m., August 27, 1971 by Chairman Burke. Members in attendance were Chairman James E. Burke, Paul D. Caruso, Dolores Colburg and Lorence B. Simonsen. James Dennehy could not be contacted. Also in attendance were Alton P. Hendrickson, Executive Secretary, Owen L. Morris, Jr., Assistant Executive Secretary and Ed Laws, Assistant Attorney General.

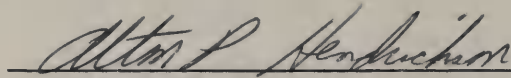
The Secretary presented a draft of Resolution No. 62 and after considerable discussion and revision, it was moved by Mr. Caruso and seconded by Mr. Simonsen that Resolution No. 62 be adopted. The motion carried unanimously.

Mrs. Colburg moved that the Executive Secretary be instructed to consult with the Attorney General's office and draft an appropriate notice to be sent immediately to all persons affected by Resolution No. 62 and further to make the necessary adjustments in retirement benefits for those affected by Resolution No. 62. The motion was seconded by Mr. Caruso and carried unanimously.

The meeting was adjourned at 4:00 p.m. upon a motion by Mr. Caruso, seconded by Mrs. Colburg which carried unanimously.



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James E. Burke, Chairman

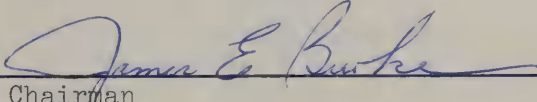
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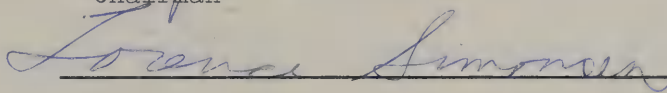
Alton P. Hendrickson,  
Executive Secretary

## RESOLUTION NO. 62

BE IT RESOLVED THAT, the following policy is adopted by The Teachers' Retirement Board:

1. As provided in Section 75-7208 (1) (c), any retired member may be employed as a teacher in Montana and may earn an amount not to exceed one-fourth ( $\frac{1}{4}$ ) of his average final compensation without loss of retirement benefits.
2. A retired member, employed as a teacher in Montana, upon receiving salary or other compensation in an amount in excess of one-fourth ( $\frac{1}{4}$ ) of his average final compensation, shall be removed from retirement beginning the month following the month in which he earns an aggregate amount which is greater than one-fourth ( $\frac{1}{4}$ ) of his final average compensation, and for each month thereafter that he continues to teach.
3. The employer shall deduct from the member's earnings in excess of one-fourth ( $\frac{1}{4}$ ) of his final average compensation an amount determined by the then current rate of employee contribution, but no employer shall make deductions for any member who has rendered at least thirty-five (35) years of service, if such member elects not to contribute. The employer shall also pay an amount based on the member's earnings in excess of one-fourth ( $\frac{1}{4}$ ) of his final average compensation and the then current rate of employer contribution.
4. Upon completion of employment, a previously retired member who was subsequently re-employed for a period of less than one (1) year and was removed from retirement, may have his retirement reinstated beginning with the month following the termination of his employment. The reinstated retirement benefit will be that which he would have been entitled to receive had he not returned to employment.
5. Any retired member who is re-employed as a teacher under contract on a full-time basis shall elect, on the date of his re-employment, whether to become an active member as defined in Sect. 75-6209, RCM, 1947. If he elects to become an active member, he will no longer be paid a retirement allowance.
6. Upon completion of a minimum of one (1) year's service as an active member and upon ceasing teaching, a previously retired member may have his retirement reinstated. His retirement benefit will be based on the then current retirement provisions.
7. This Resolution will become effective July 1, 1971 and will apply to all retirements effective on or after July 1, 1971.

  
Chairman

  
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Retirement Board Meeting  
September 17, 1971

The regular meeting of the Teachers' Retirement Board was convened at 9:00 a.m., Friday, September 17, 1971 by Chairman James E. Burke.

In attendance were Chairman James E. Burke, Paul D. Caruso, Dolores Colburg and Lorence B. Simonsen. James Dennehy was excused. Alton P. Hendrickson, Executive Secretary and Owen L. Morris, Assistant Executive Secretary were also present.

The minutes of the special meeting held August 27, 1971, having been in the hands of the members prior to the meeting were approved on a motion by Mr. Caruso and seconded by Mr. Simonsen.

The Board reviewed the Executive Secretary's report and the financial report for July and August. The Chairman ordered that these reports be placed on file.

The Board next considered old business. The first matter discussed was a claim by Thomas E. Schneider for pay for ten days additional annual leave that he was not compensated for upon termination. The Assistant Executive Secretary reported that he had met with Mr. Schneider and that they had reviewed the records. Mr. Morris determined that Mr. Schneider was entitled to compensation for an additional \$346.20 representing  $8 \frac{1}{3}$  days which was agreed to by Mr. Schneider. Mr. Morris concluded by stating that Mr. Schneider had been paid this additional amount.

Next, a financial statement of the Minnie S. Fullam Fund was distributed to the members. Upon review of the statement, the Chairman ordered the report placed on file. At this point Mr. Caruso moved that the cash balance in the Minnie S. Fullam fund be removed from the checking account and placed in a time certificate of deposit. The motion was seconded by Mr. Simonsen and approved by the Board.

The Board next turned to the issue of Resolution No. 62 which had been adopted by the Board at the special meeting held August 27, 1971. Mr. Ed Laws, Assistant Attorney General, was present at this time.

The Board questioned Mr. Laws regarding the legality of Resolution No. 62. Mr. Laws stated that he felt the Board has the authority to establish the general policy set forth in this Resolution but he questioned their authority to make it retroactive. He further stated that although he had not completely researched the matter, he had run across an instance where policy had been made retroactive. He did not know, however, if such a precedent could apply in this case because in his opinion some people had suffered because of the retroactivity of Resolution No. 62.

Mr. Laws told the Board that at this time he was not prepared to give a definite opinion regarding the legality of the Resolution. He said he felt that the Board has the authority to decide individual cases and that it may be necessary to reconsider each case and to compensate any individual who has



suffered from the Resolution.

At this point four retired members directly affected by Resolution No. 62, who had requested an audience, were admitted individually to present their case to the Board.

Mr. Joe Laird, past president of the Montana Retired Teachers' Association, was admitted as an observer during these discussions.

The first retired member to appear before the Board was Mr. Ralph Bond from Polson, who had originally retired on July 1, 1970. He stated that he had returned to teaching at the request of the school board to replace a teacher who had been drafted. Before accepting this position he asked Mr. McKinny what effect this would have on his retirement benefits. He was advised by a letter from Mr. McKinny that if he taught a minimum of six weeks and asked to be removed from retirement during this period, he could then re-apply for retirement benefits and be reinstated as a retired member on July 1, 1971. His new retirement allowance would be determined by the law effective July 1, 1971. Mr. Bond stated that after he had completed teaching and re-applied for retirement benefits, he received another letter from Mr. McKinny informing him of the amount he would receive beginning in July and that he did, in fact, receive a check for that amount.

Mr. Bond said that he next received a letter from Mr. Hendrickson notifying him of the change in policy by the Teachers' Retirement Board together with a check for back payments on the old amount. He noted that he had not cashed this check.

Mr. Bond requested the Board's special consideration as he considered his case to be an "odd" case in light of the fact he had been requested to return to teaching and had not sought out the position.

Chairman Burke informed him that he could cash his check without jeopardizing his position with the Board. Chairman Burke also informed him that he would be notified of the Board's ruling within thirty days and thanked him for his presentation.

The second retired teacher to address the Board was Mrs. Elora Yanzick from Ronan. She stated that she had been forced to retire on January 1, 1971 due to illness. After the new law was passed by the legislature, she inquired in writing as to whether she would be entitled to the new benefits since she had been forced to retire early due to illness. Mr. McKinny informed her by letter that she would not be automatically entitled to the new benefits, but could become eligible by returning to teaching for a minimum of six weeks and re-applying for retirement benefits. She also stated that Mr. Harvey, Superintendent of Public Schools in Ronan, had called Mr. McKinny to verify this letter as he had also felt she would automatically be entitled to the new benefits.

She further stated that she had returned to teaching for eight weeks in June and July and had in writing requested to be removed from retirement for this period. She had not received a retirement allowance under the new law

but was anticipating the payment at the end of August. She was shocked when she received Mr. Hendrickson's letter stating that her old benefits were being re-instated. Mrs. Yanzick felt that she had fulfilled a contract in good faith and asked for the Board's consideration of her case.

Chairman Burke informed her that cashing the check she had received would, in no way, jeopardize her position with the Board. He thanked her for appearing and informed her that she would be notified of the decision of the Board, regarding her case, within thirty days.

The third retired member to address the Board was Mrs. Polly Bunker from Hamilton who had originally retired on July 1, 1970. She stated that last May she became aware that teachers who are re-employed in the public schools for a period of six weeks are eligible for retirement under the new law. She talked to Mr. McKinny about this and was assured that this was true. She then spoke with Mr. Peter Vukad, Superintendent of Public Schools in Hamilton, about possible employment. He informed her that a librarian was needed for a short period due to the fact that libraries in two elementary buildings were being reorganized. She noted that she was the librarian for the Hamilton system for several years before retirement. She was given a written contract for a six-weeks period with employment terminating June 22, 1971.

She stated that it seemed to her that the regulations that were in effect at the time she was employed should be used in determining her retirement, not a policy that was decided upon in August after she had received a retirement check based on the new law. She believed she acted in good faith and was assured by Mr. McKinny that she had completed the necessary requirements and that she was on safe ground. She felt that making the policy retroactive was terribly unfair and requested reconsideration by the Board.

Mr. Simonsen asked Mrs. Bunker how she became aware that if she returned to teaching for six weeks she might be entitled to benefits under the new law. Mrs. Bunker replied that she was so informed by Mr. Laird.

At this point, Mr. Laird requested and received permission to address the Board.

Mr. Laird stated that after the bill was passed in February, 1971 he asked Mr. McKinny under what conditions a retired teacher would be entitled to receive benefits under the new law and was informed of the six weeks provision. After receiving this information, Mr. Laird sent a notice to the presidents of the local units of the Montana Retired Teachers' Association notifying them of this policy and also discussed the matter personally with several retired teachers, including Mrs. Bunker and Mr. Vic Davidson.

The last retired teacher to address the Board was Mr. Vic Davidson from Bozeman (formerly Livingston) who retired September, 1968. He prefaced his remarks by stating that he had, with legal advice, come to the meeting to be available to answer any questions which might arise during the discussion of his case. He had not intended to address the Board but was pleased to have the opportunity to do so, noting that his remarks would be impromptu.

He stated that his last years before retirement were spent at Montana

State University but he was able to secure a teaching position in the Bozeman Public Schools for April, May and June because he held a current teaching certificate. Based on conversation with Mr. McKinny, he requested to be removed from retirement for this period. Upon termination of teaching in June, he reapplied for retirement benefits to become effective July 1, 1971. He noted that at the end of July he received an increased payment based on the new law together with a letter from Mr. Hendrickson verifying his retirement benefit as well as a statement that the Board wished to extend its congratulations on his retirement.

Mr. Davidson noted that several retired teachers affected by the change in policy suggested a group be formed to take possible action to retain the new benefits. He felt that since possibly not all members would have as clean a case as he, he preferred to represent himself before the Board in asking for a reconsideration.

The Board asked for Mr. Davidson's comments on several matters including what length of time he felt would be appropriate before a previously retired teacher should qualify for a benefit under the new law and what he felt would be considered a full-time teacher. He stated that while he did not necessarily agree with the one-year provision of Resolution No. 62, he had no suggestions to offer. On both matters, he expressed difficulty in drawing a clear line.

Chairman Burke thanked Mr. Davidson for his presentation and comments. He was informed that he could cash the check received in August without jeopardizing his position with the Board and would be notified of the Board's decision within thirty days.

The Board also thanked Mr. Laird for his appearance and both he and Mr. Davidson were excused.

At this time, Chairman Burke called the Board into executive session and Mr. Hendrickson and Mr. Morris were excused.

After the completion of the executive session, the Board resumed its regular meeting.

After a brief discussion, the Board concluded that no decision could be made on individual cases until a written opinion has been received from the Attorney General regarding the legality of Resolution No. 62. Mr. Caruso moved that a written request be submitted to the Attorney General for an opinion, as soon as possible, on the legality of Resolution No. 62 and that a copy of Resolution No. 62 be attached to this request. Attendant with the written request to be made of the Attorney General should be an explanation of the intent of the Board to consider individual cases that may arise under Resolution No. 62. The motion was seconded by Mr. Simonsen and approved by the Board.

Mr. Simonsen next moved that a letter be sent to all persons who received a check in August representing the reinstatement of the original benefits from the date they were removed from retirement indicating that cashing this check will in no way jeopardize their position with the Board. This letter should



be reviewed by the office of the Attorney General for proper legal form. The motion was seconded by Mrs. Colburg and approved by the Board.

Mrs. Colburg moved that the Board request an opinion of the Attorney General as to retirement benefits contained in House Bills 178 and 446 amending the teachers' retirement law. This request follows on and is supportive of a previous letter dated August 3, 1971 sent to Assistant Attorney General Ed Laws from Alton P. Hendrickson, Executive Secretary, The Teachers' Retirement System. Mr. Caruso seconded the motion which was approved.

Chairman Burke next moved to new business.

The following payrolls for the 4th quarter of 1971 were approved on a motion by Mr. Caruso which was seconded by Mrs. Colburg:

	<u>April</u>	<u>May</u>	<u>June</u>
Retirement	\$373,664.70	\$371,880.99	\$367,433.95
Office	3,738.30	4,478.28	5,078.25

The Board next considered the approval of benefits including retirement, survivor and disability. After some discussion, the Board concluded that before the benefits could be approved it would be necessary to have a written opinion from the Attorney General regarding the applicability of House Bills 178 and 446.

At this time the Board was recessed subject to the call of the Chair upon approval of a motion by Mrs. Colburg which was seconded by Mr. Simonsen.

When the meeting was reconvened by Chairman Burke, Mr. Simonsen moved that the approval of the benefits be tabled until such time as the necessary opinion was received from the Attorney General. The motion was seconded by Mrs. Colburg and approved by the Board.

The Secretary next asked the Board to consider the policy of allowing previously exempt teachers to purchase credit for the years during which they did not contribute to the System. It has been the policy to allow these teachers, upon electing to become members of the System, to receive credit for past service by paying only the 5 per cent contribution on the salary received during the exempt period. It was pointed out that under this policy the Retirement System did not receive the employer contribution for these years nor the interest that would have been earned had the teacher been a contributing member.

At this point this matter was tabled pending a search of the records to find a basis for this policy upon approval of a motion by Mr. Simonsen, seconded by Mr. Caruso.

The Board next considered the Executive Secretary's request for an actuarial valuation of the System. Mr. Hendrickson noted that a complete actuarial valuation had not been conducted in recent years. A valuation is necessary to determine: (1) the current funded position of the System (2) the funding progress which can be anticipated in future years, and (3) the projected cost of any proposed benefit improvements. He stated that in order to perform the



valuation it is necessary to have a computer program which, when provided the proper data, will produce the present value of retirement, disability and death benefits, employer contributions, employee contributions, and salaries, and ultimately, the current cost of the System. The data include pertinent information on each active, inactive and retired member as well as actuarial assumptions. The actuarial assumptions, which are determined by reviewing past and anticipating future experience, include mortality, disability, termination, interest and salary scale.

Mr. Robert Drisko, an actuary with the firm of Coates, Herfurth and England, has proposed that his firm can conduct the valuation for approximately \$6,000 not including any consulting services. Mr. Drisko felt that the report would be available within three months after the necessary information was provided including the provisions of the plan and individual data.

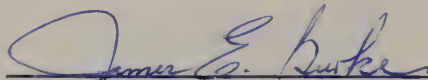
Mr. Hendrickson stated that because of his previous experience in the retirement field including valuations, he felt qualified to perform the valuation personally and requested the Board's consideration of this possibility. He noted two advantages of not having the valuation performed by an outside firm: (1) If the data is maintained locally, it will be readily available to provide statistical information as required from time to time. (2) After the initial expense of programming and compiling the data, it will be economical to perform future valuations biennially. Also, the cost of any proposed amendments can be determined at little expense to the System.


Mr. Hendrickson then stated that if he were requested to perform the valuation, he would use the computer facilities at the State Capital and that the total computer expense including the computer program would be approximately \$1,000. He felt that the complete valuation report would be available by the middle of February, 1972 and that it would require approximately 200 hours of over-time. He noted that he was not entitled to any over-time pay but that he considered the valuation to be beyond his normal duties and requested the Board's consideration of additional compensation for the extra hours.

After a brief discussion, Mrs. Colburg moved the consideration of the actuarial valuation be tabled until the next Board meeting. The motion was seconded by Mr. Caruso and approved by the Board.

The next Board meeting was set for Saturday, September 25, 1971 at 10:00 a.m. upon the condition that the Attorney General's opinions be available at that time.

The meeting was adjourned at 3:45 p.m. on proper motion and second.

  
James E. Burke, Chairman

  
Alton P. Hendrickson, Executive Secretary

Executive Secretary's Report  
September 17, 1971

The first few months of the fiscal year have been quite challenging because of the change in administration. The transition has gone quite smoothly largely because of the experienced staff as well as Bud Morris's familiarity with the personnel and the internal workings of the state government. Most of the retirement benefits were calculated and the checks mailed by the July 31 deadline. The biggest delay, as in previous years, was the refunding of personal contributions for those members who had requested withdrawals. Hopefully, our internal procedures can be changed to eliminate this problem in future years.

Since July 1, a total of 250 new members have begun receiving benefits including retirement, disability, survivorship and death benefits, which is the largest number of applications ever in such a short period. Part of this increase is the result of the new retirement law which went into effect July 1, 1971 and made retirement more attractive to many members. The number of benefit applications have subsided in the last month but the correspondence is still abnormally heavy. We expect a decrease within the near future.

A complete audit of The Teachers Retirement System is currently being conducted by the accounting firm of Anderson and Zur Muehlen. Unfortunately, they were unable to prepare a report for this Board meeting but expect to have the complete report available for the next regular Board meeting. The report will be addressed to the members of the Retirement Board with sufficient copies for all members. In addition, a copy will be submitted to the Legislative auditor. If the audit discloses any apparent fraud, embezzlement or statutory violation, these matters will be disclosed by furnishing a report to the Attorney General and the Governor's office.

Bud Morris and I have completed several speaking engagements at various schools and are anticipating several more in the near future, including the MEA Conventions on October 21 and 22. Bud will be attending the Great Falls and Glasgow MEA Conventions; I will be attending those at Billings and Missoula. Bud also attended the National Conference of State Retirement Administrators in Arkansas during the last week of June.

The lease of the basement area to the Superintendent of Public Instruction was terminated effective September 1, 1971. The new tenants are the State architects; a new lease terminating June 30, 1972 was signed with the Department of Administration. Anticipating our future storage needs, we retained an additional amount of floor space. We are investigating the possibility of microfilming so that it will not be necessary to acquire more storage space in the future.

Bud Morris and Dick Stang have begun a project of auditing all of our mortgages scattered around the country. Bud has completed an audit of the mortgages held by the Commerce Mortgage Co. of Spokane; Dick has completed a similar audit at the First National Bank, Helena and the Great Falls

National Bank. They hope to complete the audit of all mortgages by the end of the year.

Because of the shortage of funds during the summer months and in order to meet investment commitments that will come due late this fall, most of the moneys have been invested in short-term commercial paper for periods less than thirty days. The interest rate on commercial paper has been running from  $5\frac{1}{2}$  per cent to  $5\frac{5}{8}$  per cent. The following long-term investments have been placed through James Howeth representing the Investment Board:

Bonds and mortgages purchased from July 1, 1971 to date through the State Investment Officer

International Harvester	\$200,000	8-5/8's of 91	Halsey, Stuart & Co.
Kansas Nebraska Natural Gas	100,000	8.45 of 91	Rothschild & Co.
Kansas Nebraska Natural Gas	50,000	8.45 of 91	Halsey, Stuart & Co.
Public Service Elec & Gas	300,000	$7\frac{3}{4}$ of 96	W. E. Hutton & Co.
Stauffer Chemical	250,000	$8\frac{1}{8}$ of 96	Smith, Barney & Co.
Western Electric	250,000	$7\frac{1}{2}$ of 96	Smith, Barney & Co.
Guaranty Company	58,100	(mortgages)	
Western Electric	200,000	$7\frac{1}{2}$ of 96	1st Boston Corporation

The following mortgages were purchased prior to June 30, 1971 and do not appear in the previous Secretary's Reports:

Union Bank & Trust Co., Helena, Mt	\$358,500
Yellowstone Bank, Laurel	159,000
Guaranty Co., Billings	97,750
First Security Bank, Helena	8,000
1st State Bank of Whitefish	12,000
Streeter Bros., Billings	261,600
Western Bank of Billings	133,000
Guaranty Co., Billings	18,800
Union Bank & Trust Co., Helena	250,000
Yellowstone Bank, Laurel	7,800
1st Security Bank, Miles City	25,000
Commerce Mortgage Co., Spokane	103,000
Great Falls National Bank	241,000
Western Montana National Bank, Missoula	73,000
First Security Bank, Helena	345,000

## Retirement Board Meeting (Special)

September 25, 1971

The meeting was called to order at 10:10 a.m. on Saturday, September 25, 1971 by Chairman Burke. The meeting was held at Eastern Montana College, Billings.

Those present were: James E. Burke, Chairman  
Paul D. Caruso  
Dolores Colburg  
Lorence Simonsen  
Alton P. Hendrickson, Executive Secretary  
Owen L. Morris, Jr., Assistant Executive Secretary  
Absent: James Dennehy

The minutes of the September 17, 1971 meeting were approved by the Board upon a motion by Mrs. Colburg, and a second by Mr. Caruso.

Mr. Caruso made a motion to approve the minutes of the May 28, 1971 meeting. Seconded by Mrs. Colburg. Motion carried.

Mrs. Colburg made a motion to approve the minutes of the special meeting held July 15, 1971. Seconded by Mr. Simonsen. Motion carried.

The Board reviewed the Executive Secretary's report. The Chairman ordered that this report be placed on file.

The Board next considered old business. The first item of discussion was Resolution No. 62. The Executive Secretary reported that the Attorney General's opinion concerning the resolution was not available as yet but that Mr. Ed Laws, Assistant Attorney General, had stated that the opinion would be forthcoming and that its general content would be that the Board did have the authority to pass such a resolution. It could not, however, be made effective prior to the date of passage.

Mr. Caruso asked if the date of August 27, 1971 could be used as the effective date of the resolution, which was the date Resolution No. 62 was adopted. Mrs. Colburg said that she had discussed the matter with Mr. Laws on Thursday. Mr. Laws felt that the retroactivity was the real problem and if that could be removed, it might be possible to make the resolution effective August 27, 1971.

Mrs. Colburg added that if August 27, 1971 could not be used as the effective date, the Board should consider setting another effective date. She added that if the Board removed the effective date, it would not be amending the resolution.

Mr. Simonsen then moved that, upon advice from the Attorney General's office, item 7 in Resolution No. 62 be changed to read August 27, 1971, where July 1, 1971



is mentioned. The second date of July 1, 1971 remains. The motion was seconded by Mr. Caruso and approved by the Board.

Mrs. Colburg moved that in the event of an adverse opinion from the Attorney General's office in respect to August 27, 1971 as the effective date of Resolution No. 62, that an effective date of September 25, 1971 be adopted. Seconded by Mr. Simonsen. Motion carried.

The Board next discussed the situation of those retired members who had completed six weeks of teaching prior to August 27, 1971. Mr. Simonsen moved that, upon receipt of an appropriate Attorney General's opinion, the following ten individuals are entitled to benefits under the new law which became effective July 1, 1971,

Charlotte Anderson  
Ralph Bond  
Polly Bunger  
A. L. Comer  
V. G. Davidson  
Milford Franks  
Frank Little  
Elsie M. Reich  
Charles Silverthorn  
Elora B. Yanzick

and that the Executive Secretary shall be instructed to make the necessary adjustments specific to each case in order to comply with the law. The motion was seconded by Mr. Caruso and approved.

Mr. Simonsen stated that in the future if any change occurs, that all persons affected should be notified. He noted that the System is designed to be of service to the Montana teachers and since it should provide a service, then we should make known to people what the service is. He further felt that the brochure should be updated to include all available information.

Mrs. Colburg suggested that any time the Board made a rule or policy that would tend to help people in their retirement situation that we inform all teachers. She stated that the simplest method would be to get the word out through the media.

Mr. Simonsen said there are certain prime media channels through which we can direct information to teachers, both active and retired, and suggested the use of multi-channel media.

Mr. Hendrickson noted that he was particularly unhappy with the brochure and that he would like to see a new brochure drafted and a copy submitted to the Board for approval and hopefully within six months to be circulated to all teachers.

Mr. Caruso moved that the brochure explaining the benefits be revised and submitted to the Board for approval. The motion was seconded by Mr. Simonsen and approved by the Board.

The Board then considered the case of Mr. Robert Wylie, a retired teacher who had returned from California to qualify for the new benefits under the previous "six-weeks" practice, but had not as yet completed the six weeks of teaching. The Board ruled that Mr. Wylie would be eligible for the new benefits after completing the six weeks requirement. The Chairman instructed the Executive Secretary to notify Mr. Wylie accordingly.

Mr. Hendrickson presented the case of two Helena retired teachers who had returned to teaching for over two weeks prior to August 27 but ceased teaching at that time when notified of the Board's adoption of Resolution No. 62. Mrs. Colburg stated in light of the Board's authority to handle cases on an individual basis, the Executive Secretary should be instructed to pursue the matter of contacting these individuals for the purpose of giving them some satisfaction for whatever they had given up at this point, with legal counsel from the Attorney General's office. She further stated that the Board should make some restitution for whatever they have lost. Failing that, the Board would possibly be liable to provide them with the increased benefits.

Chairman Burke instructed the Executive Secretary to seek legal counsel from the Attorney General's office and to make the appropriate adjustments in these two cases.

The second item of old business was the approval of benefits. Mr. Caruso moved that, pending favorable opinion from the Attorney General regarding the applicability of the provisions of House Bills No. 446 and 178, that the following retirement, disability, and survivor's benefits be approved:

STRAIGHT LIFE

1.	Adams, Dorothy M.	\$ 345.70
2.	Albertson, Louise L.	376.25
3.	Ambrose, Frances	308.76
4.	Ammon, Anna W.	212.63
5.	Anderson, Ruth I.	282.11
6.	Anthony, Dorothy	239.74
7.	Baldwin, Leona	128.72
8.	Beamish, Lillian	212.32
9.	Benson, Fern A.	147.23
10.	Berg, Claude	82.22
11.	Bissner, Eleanor	452.55
12.	Bohart, Donalda	168.28
13.	Boyd, Martha L.	209.33
14.	Bowden, Clara D.	96.23
15.	Burke, Mary C.	458.50
16.	Canfield, Lucile	213.88
17.	Carlisle, Ovida C.	105.55
18.	Carter, Carl S.	125.14
19.	Chamberlin, Violette M.	201.50
20.	Clark, Angela K.	181.56
21.	Clark, Mary E.	160.00
22.	Cloke, Harry H.	557.57
23.	Colosky, Catherine M.	526.66
24.	Cooke, Julia Elizabeth	374.31
25.	Cooley, Dorothy R.	84.40

26.	Costello, Gladys	194.86
27.	Couture, Susan	186.40
28.	Crawford, Ruth	147.97
29.	Crummy, Lena	301.25
30.	Cutler, Myrtle	92.58
31.	Dalakow, V. Katherine	249.71
32.	Dambly, Helen	220.26
33.	Dimitt, Adeline Louise	180.39
34.	Durkee, Alice Jean	306.89
35.	Dwyer, Agatha M.	357.71
36.	Fechter, Helen E.	520.43
37.	Felsman, Ada M.	147.75
38.	Ferguson, Adele Condie	179.58
39.	Flegel, Pauline	308.89
40.	Fleharty, Mary	262.94
41.	Flower, Wilberta B.	285.33
42.	Frisby, Dorothy	398.41
43.	Fuhs, Benicka	387.15
44.	Gass, Olliema	270.33
45.	Gilmartin, Edythe	446.13
46.	Griffin, Gerald W.	229.20
47.	Gustafson, Winnifred	75.11
48.	Hackney, lois M.	408.41
49.	Hall, Fay M.	228.28
50.	Hanno, Ruth N.	321.93
51.	Hanson, Inga E.	286.59
52.	Haun, Carl	185.22
53.	Heaphy, Martha	507.48
54.	Hermes, Elizabeth V.	128.53
55.	Herzog, Alyce L.	249.17
56.	Hetherington, George Jr.	83.31
57.	Hobbs, Floy S.	295.29
58.	Hubber, Dorothy	212.23
59.	Huddleston, Anne	270.80
60.	Hunt, Edith A.	528.14
61.	Johnson, Ann M.	274.81
62.	Jones, Marion	389.20
63.	Jordon, Olga E.	107.15
64.	Jore, Viola M.	199.50
65.	Jumper, Jane	90.81
66.	Knudsen, Ruth W.	133.40
67.	Kernan, Mae G.	293.46
68.	Kimball, Raymond F.	288.63
69.	Kirsch, Myrne A.	568.32
70.	Kostman, Ruth M.	296.93
71.	Kramer, Raymond	180.81
72.	Langowski, Clara	360.56
73.	Lanouette, Roselyn	67.93
74.	Larsen, Laura C.	217.29
75.	Lawrence, Florence	221.20
76.	Lohse, Constance	51.63
77.	Malloy, Helen E.	464.29
78.	Matzke, Mary G.	372.39
79.	McKinnie, Helen M.	195.30
80.	MdLeod, Ora M.	114.37
81.	McNeil, Leslie W.	324.46

82.	McTucker, Albina	94.84
83.	Meech, Annetta	264.79
84.	Micka, Thomas	193.24
85.	Miller, Carroll E.	533.74
86.	Merry, Irene	173.81
87.	Miller, Sophia T.	311.61
88.	Mjolsness, Grace L.	379.72
89.	Miller, Irene Chesterfield	71.43
90.	Moen, Ruth	127.06
91.	Morrison, Helen L.	129.06
92.	Murdock, Herold E.	112.18
93.	Murphy, Ella B.	358.07
94.	Nelson, Freda M.	194.46
95.	Nevin, ary L.	301.85
96.	North, Anne L.	258.03
97.	O'Donnell, Elizabeth C.	646.39
98.	Oehring, Esther A.	77.58
99.	Orr, Margaret	367.97
100.	Packer, Ruth W.	234.97
101.	Pennock, Grace	385.20
102.	Penman, Lois Anne	258.78
103.	Phillips, Erlise	69.44
104.	Pinkerton, Marion G.	323.82
105.	Quanbeck, Irving	540.45
106.	Rankin, Ada	320.65
107.	Rawson, Ruth W.	142.62
108.	Rethmeier, Mahala	98.89
109.	Robison, Ann	221.97
110.	Rovero, Dennis A.	503.20
111.	Russell, Mabel B.	138.88
112.	Ryder, Birgit	134.92
113.	Satter, Elizabeth	338.16
114.	Scheie, Marie M.	90.00
115.	Schenk, Marie H.	90.10
116.	Scott, Maurine T.	348.02
117.	Soule, Elise M.	123.85
118.	Stebbins, Thelma	258.00
119.	Steel, Ardea	277.47
120.	Swab, Edna A.	35.24
121.	Schanders, Cloris M.	339.17
122.	Taft, Alfred W.	401.59
123.	Taft, Laura Jane	371.85
124.	Tew, Ruth M.	195.36
125.	Tillett, Elsie L.	380.56
126.	Townsend, Mary B.	261.29
127.	Travis, Olga	345.85
128.	Tuffley, Welma	161.06
129.	Varner, Elsie L.	123.45
130.	Waters, Louise H.	344.70
131.	Watts, Virginia W.	145.00
132.	White, Frances J.	485.77
133.	Wilson, Mabel	501.11
134.	Anderson, Alice	271.02
135.	Morley, Esther R.	119.05



136.	Kocher, Hazel L.	209.92
137.	Williams, Betty	234.02
138.	Nelson, Rita M.	289.70
139.	Marsh, Donald	160.08

OPTIONS

1.	Amundson, Evangeline	156.05
2.	Anderson, Mildred	223.00
3.	Anderson, Vera L.	419.27
4.	Anderson, William J.	300.57
5.	Anseth, Rose Mary	195.91
6.	Babcock, Elizabeth A.	455.70
7.	Basta, Agnes	152.22
8.	Barkhurst, W. Ted	832.40
9.	Bauer, Hilda	76.90
10.	Bennetts, Wilma	118.48
11.	Bjorgum, Oscar	362.40
12.	Bodine, Mary E.	157.83
13.	Booth, Catherine	343.15
14.	Bonnell, Elda M.	126.50
15.	Bradham, Bernice M.	424.93
16.	Brekke, Ivar	219.26
17.	Briggs, Edwin W.	945.93
18.	Brueberg, Andrew	315.63
19.	Buzzetta, Edward	321.46
20.	Carlson, Beatrice	295.31
21.	Carpenter, Clyde	253.00
22.	Carpenter, Louise	146.67
23.	Colarchik, Estella N.	84.68
24.	Comer, Elwood L.	317.54
25.	Conrad, Helen A.	344.63
26.	Coon, Norma	212.10
27.	Currie, Eva	221.68
28.	Dahl, Ethel M.	159.02
29.	Devries, Luella M.	162.98
30.	Dunham, Gladys	262.61
31.	Early Henry B.	402.59
32.	Emblen, Donald J.	532.13
33.	Eve, Joseph W.	356.97
34.	Gardner, James E.	429.38
35.	Gilbert, James A.	520.19
36.	Graham, Julia L.	151.13
37.	Gramling, Giselia	556.60
38.	Graham, Robert C.	264.86
39.	Grant, Edith F.	181.98
40.	Hall, George M.	427.46
41.	Hamilton, Robert L.	424.87
42.	Hawke, Helen F.	282.49
43.	Hetrick, Leonard E.	322.25
44.	Howard, Clifford W.	191.39
45.	Howell, Wilbert K.	373.90
46.	Hruska, Lulu C.	348.29
47.	Huffman, Marion	322.66
	Huffman, Marion (TD An)	91.98
48.	Hunton, Eugene R.	506.88
49.	Hynes, Mary Ellen	274.06

50.	Johnson, Gladys V.	598.82
51.	Johnson, Verna	269.14
52.	Kempf, Marvel R.	398.68
53.	Kidd, Myra E.	
54.	Koch, Edwin	759.24
55.	Lindburg, Lela	235.84
56.	Mackanich, Andrew	421.74
57.	Marshall, Irma A.	353.22
58.	Maschera, Helen H.	204.71
59.	McCarthy, Serena H.	387.54
60.	McCormick, Anne	290.03
61.	McGuire, Kathleen A.	472.19
62.	Mitchell, Adelaide L.	219.99
63.	Muldown, Lloyd A.	691.50
64.	Perey, Emile L.	455.34
65.	Peterson, Esther G.	319.61
66.	Pinkerton, Helga L.	300.00
67.	Poppie, Wilford	440.71
68.	Pratt, Kathryn	174.78
69.	Prichard, Erma G.	260.49
70.	Purcell, Thomas A.	416.36
71.	Raitt, Bess M.	244.37
72.	Richardson, Vernon C.	151.12
73.	Roseberry, Arthur	473.06
74.	Schettler, Mabel	255.11
75.	Schoonover, Leland	363.04
76.	Sheets, Lena L.	269.82
77.	Shields, Catherine	213.33
78.	Shoop, Thelma	339.79
79.	Siniff, Grace E.	112.55
80.	Smith, Anna B.	71.95
81.	Talkington, Ethel P.	182.85
82.	Taylor, Margaret E.	614.84
83.	Thomas, Edna L.	313.80
84.	Thomas, Edna May	364.21
85.	Vance, Alyce M.	469.06
86.	Walsh, Edith L.	173.11
87.	Walter, Viola C.	120.59
88.	Wertz, Mervin A.	330.22
89.	Wheeler, Jane D.	372.45
90.	Whitt, Millicent	64.50
91.	Willis, Annabelle	128.44
92.	Wolhowe, Casper G.	196.04
93.	Lund, Hiney P.	680.79
94.	Martin, Margaret	297.92
95.	Baechler, Jennie N.	130.87
96.	Jarussi, Lillian E.	373.13

#### SURVIVOR'S BENEFITS

1.	Acher, Mary Alice (John Acher, member)	77.63
2.	Fleming, Margaret J. (Raymond P. Fleming, member)	547.13
3.	Hess, Adrien L. (Florence Hess, member)	185.68
4.	Hinz, Ida (Paul Hinz, member)	259.59
5.	Jette, Barbara A. (Arthur J. Jette, teacher)	117.58

6. McCall, Charline S. (Robert C. McCall)	\$ 267.88
7. Roberts, Alice L. (Chester H. Roberts, member)	156.75
8. Holte, Kermit G. (Alma Planting, member)	295.31
9. Wentz, Natalie J. (Anna Krause, member)	394.02
10. Zeitner, Chris R. (Gladys Zeitner, member)	40.36

DISABILITY BENEFITS

1. Burgess, Kathryn	\$ 152.02
2. Hamley, Evelyn	198.95
3. Hanna, Anna	130.94
4. Michels, Helen F.	192.10

The motion was seconded by Mrs. Colburg and approved by the Board.

Mr. Simonsen moved to instruct the Executive Secretary, at the earliest feasible time, to run a check with the office of the Superintendent of Public Instruction to determine if any of the teachers who are receiving benefits are teaching full time in the present year. Seconded by Mrs. Colburg and approved.

The Board next considered the requests by previously exempt teachers for the purchase of service rendered while exempt. Mr. Hendrickson explained that when the Teachers' Retirement System was established in 1937, teachers were given the option of joining the System or selecting exemption and waiving all rights to any benefits. It had been the practice in previous years to allow exempt members to purchase the service rendered while exempt for a total cost of 5 per cent of all earnings during this period. Mr. Hendrickson noted that the System did not receive any employer contribution for this period and also lost all interest which would have been earned on the contributions had they been received.

Mr. Caruso asked what the law states regarding this practice. Mr. Hendrickson said that the current law does not provide for the purchase of this service.

Mrs. Colburg then asked if such a policy had ever been adopted by the Board. Mr. Hendrickson replied that there was nothing in previous minutes pertaining to such an adoption.

Mr. Morris noted that an old law had provided for the purchase of this service prior to 1950 under certain conditions. He also noted that the current law had no such provision.

Mr. simonsen stated that the School Laws of 1961, Section 75-2508, dealt with this situation to some extent.

Mrs. Colburg commented that what concerned her mostly was not the length of service or amount of money involved, but that a policy be established that is fair, decent and workable. She questioned whether a change in policy could be adopted at this time since in times past it was permissible to purchase exempt service. Mrs. Colburg then suggested that the Executive Secretary be instructed to submit a letter to the Attorney General requesting his legal counsel in researching and interpreting the teacher retirement laws

regarding the purchasing of service during the period in which the teacher had previously elected not to be a member of the System. Chairman Burke so instructed the Executive Secretary.

The next item of old business was the further consideration of the Board as to an actuarial valuation of the Retirement System. Mr. Simonsen moved that Mr. Hendrickson be given the authority to proceed with the actuarial valuation of the System. Seconded by Mrs. Colburg. Motion carried.

Mr. Simonsen asked if funds were available for the financing of this valuation. Mr. Morris stated that \$1,000 to \$1,200 may be available out of the budget and that it may be necessary to request a budget amendment for additional funds.

The first item of new business to be considered by the Board was the request by the Executive Secretary to attend the annual meeting of the National Council on Teacher Retirement. Mrs. Colburg moved that the request be approved. Mr. Simonsen amended the motion to add that the Executive Secretary will report on the conference to the Board at the next meeting. Mr. Caruso seconded the motion which was approved.

The Board next considered three individual cases. Mr. Hendrickson first presented the case of Mr. Elmer Frahm, a retired teacher who planned to return to teaching for a full year in order to qualify for increased benefits under the new law. Mr. Frahm's intention is to return to the position he formerly held at Montana State University at a salary of \$6,600 for nine months commencing October 1, 1971. Mr. Frahm asked if the nine months would qualify him under the one year policy or whether he would be required to teach a full calendar year.

At this point Mr. Simonsen moved that "one (1) year" referred to in item 6 of Resolution No. 62 be defined as "one academic year." Seconded by Mr. Caruso. Motion carried.

Upon the suggestion of Mrs. Colburg, Chairman Burke instructed the Executive Secretary to write to Mr. Frahm and tell him to present his case in written form so that it could be determined whether his case would fall within the province of Resolution No. 62.

The Executive Secretary presented the case of Mr. Dale Miller, a retired teacher who had received a letter dated April 8, 1971 from Mr. McKinny stating that if he returned to teaching for a minimum of six weeks, he would be eligible for benefits under the new law. Mr. Miller had accepted a teaching position commencing September 1, 1971 for one-half year. At his request he is earning \$3,300 so that he would not lose any social security benefits. In a telephone conversation with Mr. Hendrickson, Mr. Miller stated that upon the advice of Mr. McKinny, he had secured a contract for two months at full time, and for the convenience of the school was completing the semester. He felt that since he had secured the contract prior to the adoption of Resolution No. 62 and that he felt it was a bona fide contract, he should be entitled to benefits under the new law when he re-applies for retirement at the end of the semester.



Chairman Burke again instructed the Executive Secretary to secure a written request from Mr. Miller for further consideration of the Board.

The third case considered by the Board was that of Mr. Earl Fellbaum. The Executive Secretary stated that Mr. Fellbaum had made a personal visit to his office to discuss his retirement. After Mr. Hendrickson calculated his benefits, Mr. Fellbaum pointed out that he thought that the average salary would include three months salary received while on leave of absence. Mr. Fellbaum actually ceased teaching on June 30, 1971 but was paid additional salary for the months of July, August and September. He said that in June he told Mr. McKinny that he wanted to retire on July 1, 1971. He was told that he should wait to retire until after he received his three months salary and it would probably give him an additional \$30 per month.

At this point Mr. Simonsen stated that he would like an interpretation from the Attorney General with regard to the Executive Secretary to obligate the Board without their knowledge nor without their approval to a permanent and binding contract. Until that is received, he would not want to rule on any of these cases.


Mrs. Colburg noted that Mr. Ed Laws stated at one of the Board meetings that if the Executive Secretary of The Teachers Retirement System takes it upon himself to do something with or without the Board's permission, the Board is liable. It is not a question as to who has the authority. The Board has the authority. The Board hires an executive secretary and if the executive secretary makes bad decisions, the Board is liable or responsible. Knowing that, the Board has to make certain they select their executive secretary carefully.

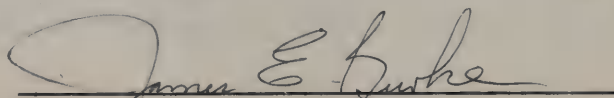
After further discussion of Mr. Fellbaum's case, the Chairman instructed the Executive Secretary to advise Mr. Fellbaum that his salary received while on leave of absence could not be included in the determination of his average salary, and that his retirement benefits would commence as of July 1, 1971.

The Board then considered the basis for determining interest to be charged on redeposits of withdrawals and purchases of out-of-state service. Mr. Hendrickson stated that the new law provides that interest be charged on all payments by members. The current practice is that interest will be added on each July 1 and that interest will be charged from July 1, 1971 on all payments from members who could have redeposited funds or purchased out-of-state service prior to July 1, 1971. Mr. Ed Laws has questioned the legality of charging interest to anyone who withdrew his account or could have purchased service under the old law. Chairman Burke instructed the Executive Secretary to ask the Attorney General for legal counsel regarding interest on redeposits and purchases of out-of-state service. This opinion is to be received at the next meeting.

The next meeting of The Teachers' Retirement Board was set for Friday, November 12, 1971 in Helena at 9:00 a.m..

The meeting was adjourned at 1:00 p.m. on proper motion and second.

  
Alton P. Hendrickson,  
Executive Secretary

  
James E. Burke, Chairman

Executive Secretary's Report

September 25, 1971

Per instructions of the Board, two letters to the Attorney General were drafted requesting:

- (1) An opinion on the legality of Resolution No. 62  
(a copy of the Resolution was attached
- (2) An opinion as to the retirement benefits contained  
in House Bills 178 and 446 amending the teachers'  
retirement law

These letters were signed by Mr. Paul Caruso, Vice Chairman, and delivered to the Attorney General's office. Copies of both letters are attached.

A letter was also drafted to retired teachers who had received a check in August representing an adjustment for back payments of their original benefits. This letter was presented to Mr. Ed Laws for comments on the legal form. The letter was approved and personal copies sent to the interested parties. A sample copy is attached.

## Special Retirement Board Meeting

November 12, 1971

The meeting was called to order by Chairman Burke.

Those present were:

James E. Burke, Chairman  
Paul D. Caruso  
Lorence Simonsen

Alton P. Hendrickson, Executive Secretary  
Owen L. Morris, Jr., Assistant Executive Secretary

Absent:

Dolores Colburg  
James Dennehy

The minutes of the special Board meeting of September 25, 1971 were approved by the Board upon a motion by Mr. Caruso and a second by Mr. Simonsen.

The Board reviewed the Executive Secretary's Report. After a thorough discussion, Chairman Burke ordered that the Report be placed on file.

The first item of old business was the consideration of requests for purchase of past service by previously exempt members. The Executive Secretary reported that the opinion which had been requested from the Attorney General's office had not been received. After considerable discussion, the Board felt that it could not rule on this matter without further advice from the Attorney General. Mr. Simonsen moved that the matter of exempt service be postponed until an opinion from the Attorney General's office has been received. This motion was seconded by Mr. Caruso and approved by the Board. The Executive Secretary was instructed to notify all persons concerned that this matter had been postponed pending the Attorney General's opinion.

Because of the numerous occasions on which the Board has not received opinions promised from the Attorney General's office, Chairman Burke suggested that the Executive Secretary draft a letter to the Attorney General stating the Board's dismay with previous service and requesting better service in the future.

The Board next considered the basis for determining interest to be charged on redeposits of withdrawals and purchases of out-of-state service. The Executive Secretary again stated the the requested opinion had not been received from the Attorney General's office. Because the opinion was unavailable, Mr. Simonsen moved that this matter be postponed until the next Board meeting. The motion was approved upon a second from Mr. Caruso.

The third item of old business was requests from Mr. Frahm and Mr. Miller on the Board's statement that their return to teaching will qualify them for increased benefits under the new law. Mr. Hendrickson stated that he had

received letters from both members as requested at the last Board meeting. Based on Mr. Frahm's letter, the Board agreed that his return to teaching would qualify under the policies established in Resolution No. 62

The Board ruled that whether or not Mr. Miller would qualify for increased benefits would depend on the date his contract was signed. If it were signed prior to August 27, 1971, he would qualify. The Executive Secretary was instructed to secure a copy of his contract.

The Board then turned to new business. The first item was the formal approval of the retirement benefits for Mr. Cooper. Mr. Hendrickson stated that Mr. Cooper had retired on September 1, 1968 but had elected to postpone receiving his benefits to a later date. At the time he elects to receive his benefits, the Retirement System will pay him a lump-sum amount equal to his accrued benefits and then continue paying monthly benefits during his lifetime. Mr. Hendrickson further stated that his account had been placed in "vested rights" but should have been approved and placed in a "retirement" status.

Mr. Simonsen suggested that the Internal Revenue Service be contacted to determine the responsibilities of the Retirement System in this and similar cases inasmuch as the accrued benefits are apparently receiving tax shelter.

The second item of new business was the approval of suggested rules and regulations. Prior to the discussion, the Board granted the Executive Secretary permission to give a brief presentation of the current benefits provided by the Retirement System. The presentation included benefits, previous benefits, eligibility requirements and miscellaneous provisions.

Following the presentation, the Board discussed and approved the following rules and regulations:

#### MEMBERSHIP

- (1) A non-member, who has not retired from this System and is not teaching under contract on a full-time basis, will be considered an active member after completing 30 days of actual teaching.
- (2) When a teacher becomes an active member under the above provision, employer and employee contributions will be due from the first date of employment.

#### SALARY

- (1) If a member, out of necessity, does not complete the full academic year, he may elect to use his current "earnable compensation" in determining his "average final compensation" provided the full employee contributions have been received on this compensation.
- (2) Only salaries earned under contract can be used to determine the average salary.



SERVICE

- (1) If a member has been credited with more than 34 years prior to age 60, he may receive one year of credit during the fiscal year in which he attains age 60.
- (2) Service shall be credited for fractions of a year. The fraction shall be the ratio of the number of whole months completed to the number of months in the academic year.
- (3) The fraction of a year credited for substitute work or part-time employment shall be the ratio of the total number of days worked to 180.
- (4) All out-of-state service to which a member is entitled may be purchased by a contribution to the Retirement System of an amount equal to 5% of his full first year's salary earned as a teacher in Montana subsequent to his return from out of state for each year of creditable service to be purchased.

BENEFITS

- (1) a member will be first eligible for retirement benefits on the first of the month following the month in which he attains age 60.
- (2) If a member ceases teaching before the end of the school term, and is otherwise eligible, he will be first eligible for retirement benefits on the first of the month following the month in which he last taught.
- (3) If a member completes and receives credit for a full school term and is otherwise eligible, he will be first eligible for retirement benefits on the 1st of July following the school term.
- (4) A member will be first eligible for disability benefits on the first of the month following the month in which the disability occurred.
- (5) A beneficiary will be first eligible for survivor benefits on the first of the month following the deceased member's death.
- (6) Any benefits will first be payable the month in which the member is first eligible.

~~The Board next considered the amount of excess interest to be used in determining the "13th check". Mr. Hendrickson stated that it has been the Board's policy since 1967 to pay a dividend or "13th check" to retired members in December. The dividend represents excess interest earned on their annuity reserve. The excess interest being the difference between the interest actually credited and the interest assumed in determining the~~

- (7) The first benefit will be payable the last day of the month in which the benefit began and future benefits will be payable the last day of each succeeding month.
- (8) No benefit will be payable during the month in which a member dies, unless his death occurs on the last working day of the month.
- (9) The monthly child's benefit will be last payable the month in which he attains age 18.

The Board next considered the amount of excess interest to be used in determining the "13th check." Mr. Hendrickson stated that it has been the Board's policy since 1967 to pay a dividend or "13th check" to retired members in December. The dividend represents excess interest earned on their annuity reserve, the interest being the difference between the interest actually credited and the interest assumed in determining the annuity benefit. He further stated that the new retirement benefit formula is not dependent upon the amount of the employee's personal contribution and therefore is not affected by the interest assumption. The new formula is referred to as a "fixed benefit" formula as opposed to the previous formula which was a "modified money purchase" formula, i.e., a portion of the benefit was determined by personal contributions and the interest rate assumed. Therefore, there is no longer the same justification for paying a "13th check" to members who retire after July 1, 1971.

After a thorough discussion, Mr. Morris noted that in any event no "13th check" would be payable this year to members who have retired since July 1, 1971. Based on this point, the matter of excluding new members in future years was postponed to a later date.

Based on a crediting rate in 1970-71 of  $5\frac{1}{4}$  per cent and an interest assumption of 3 per cent, Mr. Caruso moved that an excess interest rate of  $2\frac{1}{4}$  per cent be used to determine the "13th check" payment. This "13th check" is to be payable to all members who have retired prior to July 1, 1971. The motion was seconded by Mr. Simonsen and approved by the Board.

Mortality rate and age used in determining benefits were the next items considered. The previous practice has been to set female ages back five years when applying the actuarial tables because the female life expectancy is generally five years greater than the male. The current benefit formula produces a standard benefit which is independent of actuarial tables. Actuarial tables are used only to determine optional forms of benefits.

The Executive Secretary recommended that an adjustment for female mortality should no longer be made for several reasons:

- (1) Setting the mortality rate back five years for female members produces a benefit which is larger than for male members. This appears inconsistent since the female benefit is expected to be

paid for a longer period.

- (2) It will eliminate any accusation of discrimination.
- (3) It will allow for ease of administration.

After discussion, Mr. Caruso moved to delete all reference to dating the female age back five years from the male age as was included in a motion approved by the Retirement Board on May 28, 1971. The motion was seconded by Mr. Simonsen and approved by the Board.

The Executive Secretary next recommended that the age nearest birthday be used in determining benefits. The previous practice has been to use attained age. He felt that this should be changed because the mortality study used to produce the actuarial tables was based on age nearest birthday. This change would give consistency, and is the commonly accepted practice. A motion was made by Mr. Simonsen that age nearest birthday be used. The motion was approved by the Board following a second by Mr. Caruso.

The Board next considered two proposals from Streeter Bros. Realty, Billings, Montana. The Board approved the purchase of a new mortgage of \$14,400 at 7% to Ryan Gray which would replace a previous mortgage to George Griggs which would be paid off in lieu of foreclosure.

The second proposal from Streeter Bros. Realty was a request from Bernice M. Frieley for a release of part of mortgaged premises consisting of Lot 2, Block 7, of Central Acres 5th Filing, Yellowstone Co., which is an unimproved lot assessed at a valuation of \$130. Lot 1, upon which the mortgage would remain, is assessed at \$9,140 with improvements. Action on this proposal was delayed pending receipt of information from Streeter Bros. regarding the size of the lot, applicable zoning regulations, if any, and whether the lot, if sold, would be used for residential or other purposes.

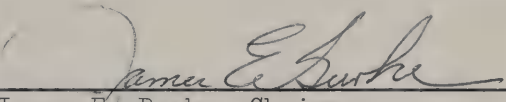
The Executive Secretary reported that it has been the practice to run all checks through our "check protector." This is normally not the practice on checks produced by a computer as are our retirement checks. He requested the Board's approval to discontinue this practice because of the amount of time required to feed 2,600 checks through this equipment by hand. He further noted that discontinuing this practice would also eliminate errors which are inevitable on this volume of work. Mr. Hendrickson did recommend that we continue to run all typewritten checks, produced in the office, through the check protector. At this point Mr. Caruso moved that retirement checks produced by the computer need not be run through the check protector but all other checks will be perforated by the check protector. Mr. Simonsen seconded the motion which was approved.

The last item of consideration was the review of a schedule of proposed policies regarding the tax-deferred annuity program. The Board also considered and approved a request from an individual who wished to withdraw a portion of his account. Mr. Simonsen then moved that further consideration of the policies be postponed until the next Board meeting. The motion was

seconded by Mr. Caruso and approved.

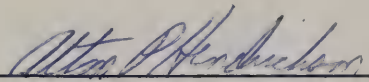
The next meeting of The Teachers Retirement Board was set for Friday, January 8, 1972 in Helena at 9:00 a.m..

The meeting was adjourned at 3:00 p.m. on proper motion and second.



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James E. Burke, Chairman



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Alton P. Hendrickson, Executive Secretary



## Executive Secretary's Report

November 12, 1971

During the last month and a half Bud and I have had several speaking engagements including the four MEA Conventions. At these conventions, we address the groups in general as well as provided individual consultation. The program was well received; in fact, there were over-capacity crowds at several locations.

The new retirement benefits were well received by all groups to which we have spoken. The only area of concern at this time is from members who were previously exempt and wish to purchase the service earned while exempt. Also, a University group is proposing that they have a choice of joining either The Teachers' Retirement System or The Teachers' Insurance and Annuity Association. The supporters feel that the TIAA Plan will allow more mobility since it is a national program. I feel that one of the main purposes of the retirement program is to encourage teachers to remain in Montana in order to receive retirement benefits under our program. Allowing the TIAA program would certainly eliminate this incentive. Bud and I will be in Bozeman to speak with University instructors on November 17 and 18. I believe this group is hoping to present their case to us at that time. I will keep the Board informed of any such proposal.

On December 10, I will be presenting our new retirement program to the MEA Retirement Committee. At that time, they wish to discuss several proposals including allowing retirement after thirty-five years of service, allowing retirement at age fifty-five, and providing an automatic cost-of-living adjustment in post retirement benefits. The feasibility of these proposals will be better known after the actuarial valuation is completed.

Our correspondence is running quite heavy. This is largely because of members who wish to redeposit their withdrawals or purchase out-of-state service before the July 1, 1972 deadline for payments without interest penalty. It is also partly because of interest aroused by members after the program has been presented to them.

During October 6-9, I attended the National Council on Teacher Retirement Convention in Louisville, Kentucky. The NCTR is the only national organization that is specifically oriented to state teacher retirement systems. About five hundred persons were in attendance; this group was comprised of not only retirement plan administrators but also retirement board members, actuaries, and representatives of investment firms. I felt that the convention was very worthwhile and recommend that the Board consider sending one or more interested members as well as an administrator to the annual convention.

While the topics covered by the various speakers were very informative, some of the best information came from speaking to individual administrators and board members in private conferences. In addition to this information, I

was able to secure considerable information in booklet form on the other retirement systems throughout the nation.

Several investment experts spoke on the subjects of the social responsibilities of the public retirement funds, the measurement of equity performance, and the various types of investments which should be considered by the retirement fund investors. The most interesting presentation was that given on the pending Federal legislation which would affect the administration of public retirement plans. Our retirement plan, being tax-exempt, does not need to be "qualified" as do corporate plans. Legislation is being considered which would require a public retirement plan to meet requirements similar to "qualified" pension plans. This would include:

- (1) Elimination of any discriminatory practices
- (2) Require a minimum vesting period
- (3) Require that the plan be funded over a minimum period such as 25 years
- (4) Require full disclosure to the Department of Labor of the funded position of the plan as well as the nature of all investments

It was generally felt that the NCTR should set guidelines for its own members to eliminate the need for any Federal legislation. The Montana Teachers' Retirement System would not suffer any setback if such legislation were enacted except possibly the period over which the plan is being funded. It would also require more administrative work in completing the forms necessary for full disclosure. Some arguments were presented as to why the Federal legislation should be supported. It would eliminate the raids which are currently being conducted by the state government on retirement funds in such states as Washington, California, Indiana and Wisconsin. It would also eliminate the precarious position of some plans which are being funded on a "pay-as-you-go" basis or close to it.

Another interesting presentation was given on the subject of the problems faced by the retired teachers. The biggest problem during a period of inflation is the loss of the purchasing power of their dollar while on a fixed income. It was felt a cost-of-living adjustment should be made on post retirement benefits but that the current cost-of-living index is not necessarily a good means of making this adjustment. A proposal was made that the NCTR review the possibilities of establishing some index which could be used nationwide as a means of making post retirement adjustments. It was also noted that a cost-of-living adjustment after retirement can be quite expensive and that great care should be given in the actuarial valuation to be certain that this adjustment is being properly funded.

As noted earlier, I felt that the conference was informative and worthwhile and should be attended in future years because it is the best means of keeping informed on problems experienced in other states as well as pending legislation.

## Retirement Board Meeting

January 8, 1972

The meeting was called to order by Chairman Burke. Those present were:

James Burke, Chairman  
Paul D. Caruso  
Dolores Colburg  
James N. Dennehy  
Lorence B. Simonsen

Alton P. Hendrickson, Executive Secretary  
Owen L. Morris, Jr., Assistant Executive Secretary

The members welcomed Mr. Dennehy back from his extended absence.

The minutes of the special Board meeting of November 12, 1971, having been provided to the Board members prior to the meeting, were not read during the meeting. Mr. Simonsen noted that the minutes should be corrected to read "The next meeting of the Teachers' Retirement Board was set for Saturday, January 8, 1972, in Helena at 9:00 a.m.". Mr. Dennehy moved that the minutes be approved as corrected; the motion was seconded by Mr. Simonsen and approved by the Board.

The Board next reviewed the Executive Secretary's report. Mr. Burke requested information regarding the steps that might be taken in alleviating the problem which currently exists with the Burr-oughs Corporation in providing The Teachers' Retirement System with the necessary computer service. Mr. Hendrickson noted that the main problem was in attaining programming support from the Burr-oughs office in Billings for the revision of current programs and the writing of new programs; a request must be made two to three months prior to the delivery date of the requested program. He also noted that, at this time, there is no specific programming support needed. Problems may arise in the future which will require immediate attention, but he anticipated that the System would receive the necessary assistance from the State Data Processing Division.

The Executive Secretary stated that one item of interest which had occurred subsequent to his report was that of an internal reorganization of The Teachers' Retirement System. Richard Stang, accountant, has been made supervisor of the accounting division. Elizabeth Steen has been given the title of Administrative Aide and as such will supervise the benefits and records division. These changes will better enable the administrators to implement the necessary procedural changes, specifically those recommended in the recent auditor's report. After a brief discussion of these changes, Chairman Burke ordered that the report be placed on file.



The first item of old business was the consideration of the basis for determining interest to be charged on redeposits of previous withdrawals and the purchases of out-of-state service. A written opinion from the Attorney General's office had been presented to the Board. The opinion stated that because of the provision in the teachers' retirement law which went into effect July 1, 1971, interest is to be charged on all redeposits and purchases of out-of-state service. The opinion further stated that interest should not be charged retroactive to the date that the member was first eligible to redeposit his withdrawals or purchase the out-of-state service, but rather that interest was to begin accruing as of July 1, 1971. As this was the procedure which the Board had originally planned to follow, no further action was taken on this matter.

The second item of old business was the requests for purchase of past service by previously exempt members. Again, a written opinion from the Attorney General's office has been presented to the Board for its review. The opinion stated that nowhere in the law is there an indication that a teacher may apply for membership at this time and claim credit for past teaching experience while not a member of The Teachers' Retirement System. However, the opinion stated that a teacher who had elected exemption in 1937 and who subsequently left and then re-entered teaching was to have become an active member of The Teachers' Retirement System upon re-entry into service. Based on this fact, the opinion stated that a member re-entering the teaching profession who had previously elected exemption could at this time purchase credit for those years when contributions should have been withheld from his pay by paying into the Retirement System the amount which he would have been required to contribute during that time. Before this matter was discussed by the Board, the Executive Secretary expressed the opinions of the previously exempt teachers as he understood them based upon correspondence as well as personal conversations. Four specific points were made:

1. When the current Retirement System was established in 1937, the teachers had just seen their previous Retirement System go bankrupt. It was very understandable at that time for a teacher many years from retirement to question the wisdom of contributing 5 per cent of his salary to another retirement program. At a later date, many of the teachers did see the wisdom of joining the retirement program and requested information from The Teachers' Retirement System as to how they might become members and recover credit for this service which they had lost since 1937. Those requesting the information were informed that they could receive credit for the past service provided they contribute 5 per cent of their total earnings during that period; they were further informed that it would not be necessary to make the actual contribution until immediately prior to their retirement. It would seem unjust at this time to not allow them any credit for their past service in as much



as, if they were properly informed when they first requested the information, they probably would have joined the System at that time and at least received credit for their future service which would have accrued.

2. The Attorney General's opinion states that members who elected exemption in 1937 and then left the teaching profession in Montana, and subsequently returned, can purchase credit for their past service from the date they subsequently returned. This would do a disservice to those teachers who served unceasingly as teachers in Montana since 1937.
3. The retirement law provides that members who have served in a teaching capacity out of state can purchase up to ten years of this out-of-state credit. It would seem unjust to not treat teaching service in Montana at least comparable with teaching service out of state merely because the teacher had not joined the System in 1937; the teacher who was serving out of state in 1937 certainly did not join the System at that time either.
4. If the purpose for the establishment of The Teachers' Retirement System was to provide a benefit to the teacher whose teaching career was ended because of age, this benefit being determined by the number of years of service given to the state of Montana, then it would not seem just to provide retirement benefits to all members who began teaching after 1937 and to provide no benefit to the member who began teaching in 1937 simply because he "unfortunately" was a teacher in the State at a time when membership was not mandatory, and did not have the foresight to join the System.

After a thorough discussion of this matter in light of the Attorney General's opinion, Mr. Simonsen moved that legal counsel be sought from the Attorney General's office as to whether or not the Board can continue to honor letters which had previously been sent to teachers who elected exemption in 1937 informing them that this past service could be credited to their account by contributing 5 per cent of their total earnings during this period. If these letters can be honored, the Board wishes advice from the Attorney General's office as to how to handle the situation for the teachers who understood they could purchase credit for the past service simply because the policy was general knowledge, although the teachers had not actually received this statement in writing. The motion was seconded by Mr. Dennehy and approved by the Board.

Because Mr. Todd Lindberg, an accountant from the firm of Anderson and Zur Muehlen, was available for the review of the auditor's report, Chairman Burke ordered that consideration of further old business be postponed to a later time and that the first order of new business would be the consideration and review of the auditor's report. At this time, the Board also invited Mr.

Richard Stang to participate in the review of the auditor's report. Mr. Lindberg reviewed the recommendations listed in the report on an item by item basis. After each recommendation, Mr. Stang, Mr. Morris and Mr. Hendrickson described what steps had been taken to implement the recommendations and if no steps had been taken, a discussion followed as to what might be done to implement them. Special items of consideration were as follows:

1. Mr. Burke requested Mr. Lindberg's opinion as to what action might be taken by the Board to liquidate the Minnie Fullam Fund, a bequest established by a retired member of The Teachers' Retirement System. Mr. Lindberg suggested that, if no specific project could be found in which to invest the fund, the fund be transferred to the Pension Annuity Reserve to better stabilize the funding of retirement benefits for all members of the System. After some discussion, it was generally felt that the fund should be transferred to the Pension Annuity Reserve at a time when it will help fund increased retirement benefits. It was also pointed out that making this fund available for increased benefits could be an incentive to the legislature in approving proposed increases.
2. Considerable discussion was given to the expanded use of computer facilities. It was felt that a complete study would be needed to determine the present and future needs and that this study should be made in cooperation with the computer facilities available through the Department of Administration.
3. Another item that was discussed at length was the security losses that were not recognized when a low yielding security was exchanged for a higher yielding security. In exchanging the securities, the lower yielding security was sold prior to the maturity date and the par value was not realized, but the loss which was taken was not recognized in the previous accounting procedure. In order to clarify any misunderstandings, Mr. Lindberg gave an oral presentation of a glossary of terms commonly used in bond investments including maturity date, coupon rate, par value, the actual cost of the bond, and the accumulation and amortization of bonds purchased at discounts and premiums.

Mr. Lindberg went on to state that the previous practice was contrary to generally accepted governmental accounting principles, but that the procedure was not unique to The Teachers' Retirement System. In fact, he stated that there is some controversy at the present time as to which accounting procedure should be used in order that all governmental agencies have a consistent method of evaluating their assets. In summarizing the security losses, he made it very clear that, while actual losses did take place at the time of the transfer, the discrepancy arose only because of the accounting principles used in



evaluating the assets. The actual losses sustained will be recovered if the new bonds are held to maturity.

4. The report included a comment as to the possibility of a conflict of interest in that the retirement law states "except as herein provided no member of the Retirement Board shall have an interest, direct or indirect, in the gains or profits of any investment of funds as provided herein, or as a member of the Board directly or indirectly, receive any pay or emolument for his services". As stated in the report, the problem is not as serious at this point since investment authority was transferred as of July 1, 1971 to the newly created investment commission. Mr. Simonsen brought up the possibility of the various mass media misconstruing these comments and using the matter as headline material. In anticipation of this situation, as well as for the Board to satisfy itself that it had taken the proper action on this matter, Mr. Simonsen moved that an opinion be requested from the Attorney General's office as to whether or not a conflict of interest actually existed during the fiscal year in which the audit was conducted and if a conflict of interest exists at the present time. This motion was approved by the Board upon a second by Mr. Caruso.

The last item discussed with Mr. Lindberg was that of the cost of the audit. Mr. Lindberg noted that the actual time involved in performing the audit exceeded the anticipated time by approximately three weeks; therefore, the actual billing was \$7,399.00 which exceeded the maximum amount originally quoted of \$4,835 by an amount of \$2,564. He noted that this amount had been negotiated with Mr. Hendrickson and Mr. Morris on January 7, 1972. The final billing agreed upon was \$6,200 which approximately split the difference on the amount of the underestimate. Mr. Caruso moved that The Teachers' Retirement System pay the firm of Anderson and Zur Muehlen a total amount of \$6,200 for their services provided in conducting the audit for the fiscal year July 1, 1970-June 30, 1971. Mrs. Colburg seconded the motion which was approved by the Board.

Chairman Burke directed the Board to next consider the remaining items under old business. The next item considered was the Internal Revenue Service ruling as to the Board's responsibility of notifying members regarding the tax treatment of deferred retirement benefits. The Executive Secretary presented a letter from the Internal Revenue Service to the Retirement Board regarding this matter. The letter basically stated that, if a retired member's benefits are being deferred to a later date but are actually available to him at any time he requests, this constitutes constructive receipt and as such these benefits are taxable to him as ordinary income during the year in which they have accrued. The letter also stated "the employees should be notified that the benefits are taxable and provided with the expected benefit under the plan so that the amount may be properly reported for

income tax purposes". Based on this letter, the Retirement Board instructed the Executive Secretary to notify Mr. D.D. Cooper of the tax treatment of his benefits as required by IRS being that he is a member whose benefits are currently being deferred.

The last item on the agenda for old business was the consideration of a proposal from Streeters' Brothers Realty. The Executive Secretary reported that the party requesting the release of part of a mortgage premises had reneged on the proposal and as such it did not require any further action from the Board.

At this time, Mr. Simonsen requested the consideration of several items of old business. The first item was whether or not members retiring after July 1, 1972, should be entitled to a 13th check. This item was discussed at the Board meeting of November 12, 1971 and was tabled at that time. The Executive Secretary stated that the item had not been put on the agenda for January 8, 1972 since the agenda was already full and the matter did not require a decision until December, 1972.

The next item which Mr. Simonsen brought to the Board's attention was with respect to additional funds required for the actuarial valuation as stated in the minutes of September 25, 1971. He requested information as to whether or not the budget amendment would have to take into consideration funds for the actuarial valuation as well as the cost of the audit above the budgeted amount. The Executive Secretary stated that he did not know at this time the exact amount of additional appropriations required and whether or not the additional appropriations would be specifically for the audit or if the cost of valuation would also be included. This information would be available at the next Board meeting.

Mr. Simonsen then brought the Board's attention to the minutes of the special Board meeting on November 12, 1971 in reference to the rules and regulations. He stated that item No. 3 under "Service" is generally inequitable for college teachers since their normal working period is closer to 160 days than 180 days as stated in that item. After a thorough discussion, Mr. Simonsen moved that item No. 3 under "Service" be re-worded to state "where applicable, the fraction of a year credited to substitute work or parttime employment shall be the ratio of the total number of days worked to the total number of days for the equivalent full-time position. The motion was approved by the Board upon a second by Mrs. Colburg.

Mr. Simonsen further commented that Items 5, 8 and 9 under "Benefits" were ambiguous and should be revised. The Executive Secretary was instructed to revise these items and present these revisions to the Board at its next meeting.

The Board next moved to the items under new business. The first items discussed were Resolutions No. 63 and No. 64 regarding the appreciation of the services contributed to The Teachers'



Retirement System by Mr. J. Hugh McKinny and Mr. George H. Hayes, respectively. Mr. Dennehy moved that the Board approve Resolution No. 63, which was seconded by Mr. Caruso and approved by the Board. After a slight modification, Resolution No. 64 was approved by the Board on a motion by Mr. Caruso and a second by Mrs. Colburg. The Executive Secretary was instructed to provide an original copy to be sent to each of the two members in addition to the original copy which will be entered into the minute book.

The second item of new business was the approval of benefits. After reviewing the list of annuitants, it was pointed out by Mrs. Colburg that there was a duplication of names in the straight-life benefits and optional form of benefits. Because of this discrepancy, the approval of retirement benefits was postponed until the next meeting. Mr. Dennehy moved that the following survivor benefits and disability benefits be approved. Mr. Caruso seconded the motion which was approved by the Board.

#### Survivorship Benefits

1. Burke, Doris	\$218.55	(\$168.55 / \$50)
2. Corr, Brooke Ann	61.70	(\$ 11.70 / \$50)
3. Corr, David M.	61.61	(\$ 11.61 / \$50)
4. Figgins, Betty J.	340.86	(\$ 90.86 / \$250)
5. Sullivan, Jule A.	391.85	
6. Perry, Mary B.	211.07	(\$161.07 / \$50)
7. Shotwell, Lucille V.	133.40	(\$ 83.40 / \$50)

#### Disability Benefits

1. Orr, Matthew J. or Evelyn	\$282.43
2. Schmidt, Ida E. or Aaron C.	67.60
3. Seeley, Nora B. or R.L. Brown	69.23
4. Leet, Fred M.	226.50
5. Larson, Blondina	106.32

The next item of consideration was a request by Mr. Doyle B. Saxby, Director of Department of Administration, that the title of the Executive Secretary of The Teachers' Retirement System be changed to Administrator. This would bring all units of the Department in line with the legislation enacting executive reorganization. Mrs. Colburg reviewed the session laws of the 42nd Legislative Assembly in order to determine the Retirement Board's position relative to the Department of Administration as provided by the executive reorganization. The session law appeared to be contradictory in its definition. Mr. Caruso moved to table the matter. The motion was seconded by Mr. Dennehy and approved by the Board.

Mr. Hendrickson brought to the attention of the Board a letter from Mr. Thomas M. Everett, a member of the Retirement System, stating that he felt that he was eligible for additional credit since his enlistment not only fell during the Korean

conflict, but also during a portion of the current conflict. Because the provision for military service had been omitted from the retirement law effective July 1, 1971, the Board felt that it could not rule on this matter until the reason for this omission had been researched further. Since the most recent revision of the teachers' retirement law had been conducted through the Department of Public Instruction, Mrs. Colburg volunteered to investigate the matter.

Mr. Hendrickson next brought to the attention of the Board the case of Mr. Harry W. Gaghan, a member of the Retirement System. Mr. Gaghan had entered military service in November, 1953 and was separated from the military in November, 1955. Since the Retirement System allows credit for service during the Korean conflict for the period June, 1950 through December, 1953, Mr. Gaghan was credited with two months of military service. Because he has been eligible for full benefits under the Korean bill which became Public Law 550, Mr. Gaghan requested that he receive credit for the full two years of military service. Because the previous military provision allowed credit for service during time of war and the Attorney General has ruled that the Korean conflict was indeed a war, the Retirement Board ruled that he could only receive credit for the time in which he was in the military service during the Korean conflict. The Retirement Board then instructed the Executive Secretary to determine the date upon which the Korean conflict officially ended and to report this information at the next Board meeting.

The final personal request which was presented to the Board by the Executive Secretary was that of Mrs. Myrtle S. Cutler. This member had retired on July 1, 1971 and was apparently unaware at that time that she could receive credit for out-of-state service by contributing 5 per cent of her first year's earnings in Montana. Mrs. Cutler had submitted a letter to the Retirement System requesting permission to purchase five years of out-state teaching credit. Mr. Simonsen referred to Section 75-6213, R.C.M., 1947, which provides that a member may purchase credit for 5 years of out-state service conditional upon his completing five years of active membership in Montana. Since Mrs. Cutler had completed over five years of active membership in The Teachers' Retirement System, it was decided that this section allowed her to purchase the five years of out-state service and that no further action need be taken by the Board.

The Executive Secretary then requested the Board to grant permission for him to attend a meeting of the Society of Actuaries in New Orleans on March 20 and 21. He noted that this meeting would be devoted entirely to subjects pertaining to retirement plans and that many of the subjects were of immediate concern to The Teachers' Retirement System including current pension legislation, subsidizing of early retirement benefits, and improving of post retirement benefits, survivor's benefits and disability benefits, as well as current actuarial assumptions including mortality, disability, early retirement and turnover. Mr. Burke inquired as to the actual expenses that would be involved on



this trip and whether or not these expenses could be supported by our current budget. Mr. Hendrickson stated that he did not have this information available but that it would be available at the next Board meeting. After a discussion of the procedures followed by The Teachers' Retirement System in keeping an up-to-date budget report, the Board agreed that the current procedure should be reviewed and where necessary revisions be made in order that current data be available at all times. And, also, that a report be made to the Board at the next meeting. The request was then tabled and the next Board meeting set for 9:00 a.m., Saturday, March 11, 1972 in order that the request be approved or disapproved prior to the date of the actuarial meeting.

The Board next considered four proposed policies as listed in the agenda. After a thorough discussion and several revisions, Mr. Simonsen moved that the following four policies be adopted by the Board. The motion was approved by the Board upon a second by Mrs. Colburg.

1. If a member wishes to redeposit previous withdrawals, it is necessary that all previous withdrawals be redeposited.
2. In the event of the death of a member who was in the process of purchasing service credits, his additional service will be determined by the fraction of the total payment which had been paid at the date of his death.
3. If a previous member returns to teaching, although he may purchase credit for the years of his previous membership, his membership date will be the date on which he returned to teaching. His rights and privileges will be based upon the retirement law in effect on that membership date.
4. It is not required that any teacher become a member if he cannot possibly receive a retirement benefit from this System because of the vesting and mandatory retirement requirements.

At this point, Mrs. Colburg brought the Board's attention again to the auditor's report. In light of the comments and recommendations contained in the report, Mrs. Colburg requested that the Executive Secretary be directed to contact Morris Brusett, Legislative Auditor, and to request from him prior to his release of the information contained in the report, that the Board be granted permission through the Executive Secretary to review the report in regards to the Board's actions and recommendations on each of the various items. Also, that Mr. Brusett be requested to allow the Retirement Board the privilege of releasing the information provided in the report. The Executive Secretary was so directed by the Chairman.

Mr. Simonsen then moved that the Executive Secretary be

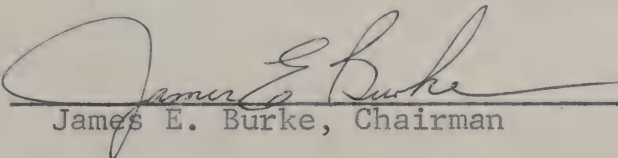
directed to implement the recommendations of the auditor's report where feasible and that detailed description of the logistics of the implementation and the results of the implementation be presented to the Board at a later date. Mrs. Colburg seconded the motion which was approved by the Board.

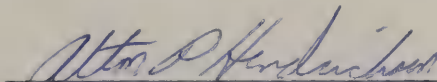
Mr. Simonsen introduced the subject of internal office procedure efficiency. He moved that the Executive Secretary consider the possibility of retaining an office procedure consultant for the purposes of studying our work flow and making possible recommendations as to its improvement. The motion was approved by the Board upon a second by Mrs. Colburg. Mr. Burke questioned the feasibility of hiring a consultant in such a small operation; he also felt that such a study would be premature at this time. It was noted that the motion allowed considerable leeway in this respect.

The last item of new business was three recommendations from the Board for material which should be made available to the Board at a later date:

1. Mrs. Colburg requested that a copy of the monthly financial report be available for the Board members at the next meeting on March 11, 1972.
2. Mr. Simonsen requested that a list be made available to the Board of all items of interest to The Teachers' Retirement System which require legislative action.
3. Mrs. Colburg requested that a copy of the recommendations to the Constitutional Convention by the Dept. of Administration in regard to the Investment Committee be secured from Mr. Doyle Saxby and be presented at the next Board meeting.

The meeting was adjourned at 4:45 p.m. on a motion from Mrs. Colburg and a second by Mr. Dennehy.

  
James E. Burke, Chairman

  
Alton P. Hendrickson, Executive Secretary



## Resolution No.63

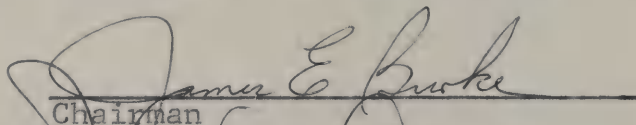
WHEREAS, J. Hugh McKinny served faithfully as Assistant Executive Secretary of the Teachers' Retirement Board from April, 1950 to November 18, 1954 and as Executive Secretary from November 18, 1954 to June 30, 1971, and

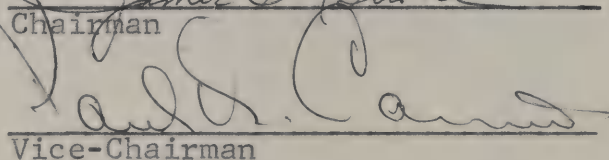
WHEREAS, he continually strived to serve the best interests of the teachers of the State of Montana with diligence, understanding and compassion, and

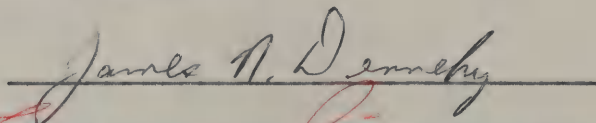
WHEREAS, it is the sincere and considered opinion and judgement of the Teachers' Retirement Board and the administrative staff of The Teachers' Retirement System, who have served with him during his tenure as Assistant Executive Secretary and Executive Secretary, that he served with outstanding ability and most commendable success, now

THEREFORE, BE IT HEREBY RESOLVED, that the Teachers' Retirement Board express, extend and record their sincere appreciation to Mr. J. Hugh McKinny for the unselfish service he rendered, and the contributions he gave as a dedicated public servant to the teachers of the State of Montana and to The Teachers' Retirement System.

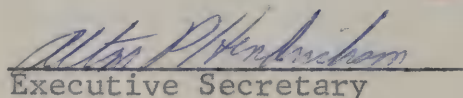
Approved and adopted this 8th day of January, 1972 at Helena, Montana.

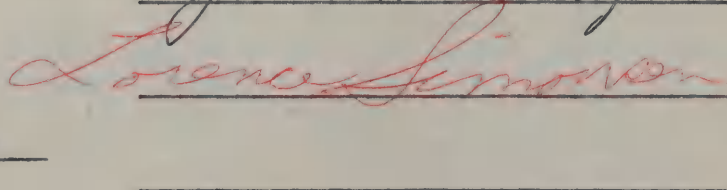
  
Chairman

  
Vice-Chairman



ATTEST:

  
Executive Secretary



## Resolution No. 64

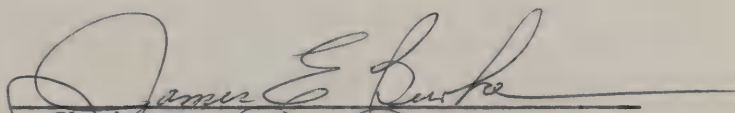
WHEREAS, the Honorable George H. Hayes, a member of The Teachers' Retirement Board has served ably, diligently and conscientiously as a member, Vice-Chairman and Chairman during his term extending from July 1, 1957 to June 30, 1971, and

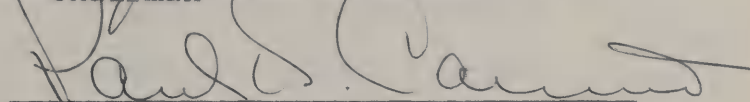
WHEREAS, he contributed generously and willingly of his valuable time, talents, training, experience and counsel in the equitable administration of The Teachers' Retirement System, and

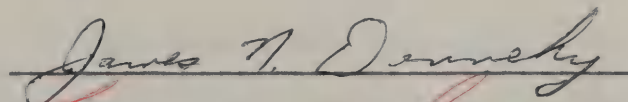
WHEREAS, it is the sincere and considered opinion and judgement of the members of the Teachers' Retirement Board and its administrative staff that he served his appointment with ability, great judgment, justice and understanding, now

THEREFORE, BE IT HEREBY RESOLVED, that the members of the Teachers' Retirement Board, its administrative staff, and the members of The Teachers' Retirement System of Montana express, extend and record their sincere and heartfelt gratitude and appreciation to Mr. George H. Hayes for his exemplary administration, leadership and accomplishments during his tenure of administration.

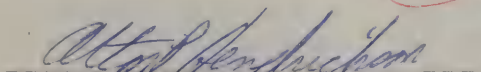
Approved and adopted this 8th day of January, 1972, at Helena, Montana.

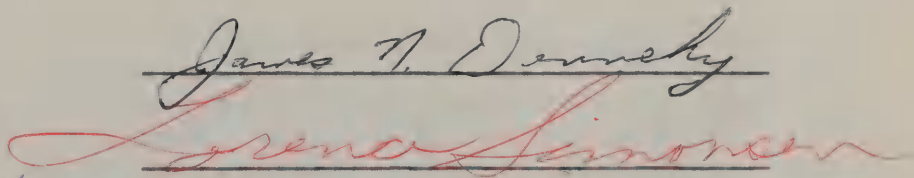
  
Chairman

  
Vice Chairman



ATTEST:

  
Executive Secretary



## Executive Secretary's Report

January 8, 1972

The dividend check resulting from excess interest has been sent to all members who retired prior to July 1, 1971. This check as well as Season's Greetings from the Board, officers and staff was sent on December 18, 1971. The staff made an extra effort to send the December retirement check at this time also. We have received many cards and letters thanking the Board and staff for the extra check as well as the early retirement check.

The dividend check was not processed as smoothly as we had hoped. This was the result of poor data, unexplainable computer errors, and poor service from the Burroughs Corporation in Billings. Fortunately, Troy McGee, Director of Data Processing Division, was able to assist us through the use of two of his programmers. We are presently working toward eliminating the problems and, hopefully, we will not experience the same difficulties next year.

On December 10, 1971, Bud Morris and I met with the MEA Retirement Committee. The purpose of this meeting was to answer questions which the members had regarding the new retirement benefits and to discuss Resolution #'s 20 and 21 which had been adopted at last year's Delegate Assembly. A copy of these Resolutions is attached. Resolution #20 requested an actuarial valuation in order to determine the feasibility of reducing the minimum retirement age from sixty to fifty-five; Resolution #21 requested support for a post retirement cost of living adjustment. After considerable discussion, the MEA retirement Committee decided that no action should be taken on these Resolutions until after the actuarial valuation has been completed.

Progress is being made on the actuarial valuation. The computer program is essentially completed; the biggest obstacle which I have encountered is the securing of the necessary data. All of our data on active lives is stored on magnetic strips attached to the individual ledger sheets. Unfortunately, the state's computer system cannot read data in this form; therefore, it must be converted to punch cards. Through the assistance of programmers from the Computer Division, this problem is currently being solved. I anticipate that the data will be available within two weeks.

Since the last Board meeting, Bud and I have spent two days each in Billings, Great Falls and Missoula. There is considerable interest in the purchasing of out-of-state service and the redepositing of previous withdrawals because of the interest which is being accrued on these amounts. Hopefully, after the January Board meeting, we will be able to use the various media to inform the members of the interest penalties which will accrue if the amounts are not submitted by June 30, 1972.

The Retirement Board had previously requested that an investigation be conducted to determine if any of the retired members were currently employed as active teachers. We have secured a listing of active teachers from the office of the Superintendent of Public Instruction and the investigation is being conducted. Hopefully, the results of this investigation will be available for the next Board meeting.



## Retirement Board Meeting

March 11, 1972

The meeting was called to order by Chairman Burke. Those present were:

James E. Burke, Chairman  
Paul D. Caruso  
Dolores Colburg  
James N. Dennehy

Alton P. Hendrickson, Executive Secretary  
Owen L. Morris, Assistant Executive Secretary

The minutes of the January 1972 board meeting, having been provided to the board members prior to the meeting, were not read during the meeting. Mr. Dennehy moved that the minutes be approved. The motion was seconded by Mrs. Colburg and approved by the board.

The Board reviewed the financial report as of January 31, 1972. After a thorough review of the report, the Board requested that the monthly reports be provided to each of the members prior to the quarterly Board meetings. Chairman Burke ordered that the financial report as of January 31, 1972 be placed on record.

The Board next reviewed the Executive Secretary's report. At this time, the Board discussed the future data processing needs of the System. Because both the auditor's report and the actuarial report noted the inadequacies and limitations of the current data processing equipment referred to as the Burroughs E6000 system, the Board requested that a full report be presented at the next Board meeting regarding the possibility of converting to another computer system or enlarging the current system.

The first item of old business was the consideration of the Attorney General's opinion of March 9, 1972. In his opinion of November 16, 1971, the Attorney General ruled that a teacher who had elected to be exempt from the Teachers' Retirement System cannot at this time purchase credit for the years of service while exempt from the Teachers' Retirement System. In his recent opinion, he stated that the Retirement Board could not honor letters which had previously been submitted stating that, to the contrary, a member could purchase credit for his years of service while exempt. The Attorney General further stated that the Retirement Board did not have the authority to set a policy allowing teachers to receive credit for the exempt service inasmuch as it would be in conflict of the law. After a brief discussion of the opinion, Mr. Caruso moved that the Retirement Board follow the policies as described in the Attorney General's opinions of November 16, 1971 and March 9, 1972. The motion was approved by the Board upon a second by Mr. Dennehy.

Chairman Burke requested the Executive Secretary to communicate these policies to all members of the Retirement System.

The next item of old business was the approval of Retirement Benefits. Mr. Hendrickson stated that these benefits were to be approved at the last meeting, but, because of a duplication in names of those applying for benefits, the Board had requested that this discrepancy be investigated and the approval delayed until the March 11, 1972 meeting. He further stated that the duplication was the result of a typographical error and that no members were receiving duplicate benefits. Mr. Dennehy moved that the following application for benefits be approved which Mrs. Colburg seconded. The motion was approved by the Board.

Retirement Benefits

1. Anderson, Charlotte	\$ 562.94
2. Bond, Ralph	347.22
3. Bunger, Polly	244.95
4. Carter, Evelyn L.	130.48
5. Comer, Albert	245.83
6. Davis, Alice N.	312.09
7. Foster, Claude C.	87.51
8. Graves, Joy A.	66.67
9. Jonas, Edna J.	85.72
10. King, Rosamond	91.46
11. McEntire, Helen	91.33
12. Nistler, Irene A.	91.56
13. Rimel, Evelyn G.	100.00
14. Siers, Anna	96.09
15. Spaulding, Charlotte	194.83
16. Wood, Frances M.	145.48
17. Adair, Genevieve	151.23
18. Ahlquist, Dorothy	77.58
19. Bieri, Beatrice L.	214.84
20. Binkley, Fay H.	63.18
21. Boerner, Marguerite A.	451.53
22. Breeden, John W.	583.32
23. Brekke, Alice	142.14
24. V.G. Davidson	503.66
25. Fellbaum, Earl H.	789.94
26. Franks, Milford	660.29
27. Hoversten, Knut	362.91
28. Jarussi, Lillian	373.13
29. Karnes, Doris	63.53
30. Kyler, Zula	205.40
31. Leary, Geraldine H.	184.06
32. Little, Frank A.	212.29
33. Lowman, Delbert	141.13
34. McFadden, Ralph C.	494.61
35. Meyer, Helen V.	118.80
36. Phillips, Helen Ann	95.31
37. Reich, Elsie	253.34
38. Silverthorn, Charles M.	336.05

39.	Voyta, Shirley	\$ 411.76
40.	Wylie, Robert H.	346.75
41.	Williams, Ruby E.	81.22
42.	Yanzick, Elora B.	181.05
43.	Buffington, Alvina	75.91
44.	Clark, Dorothy	137.50
45.	Anderson, Helen T.	61.90
46.	Fletcher, Ann	414.61
47.	Foster, Kathryn F.	59.87
48.	Hasting, Marvin L.	113.10
49.	Peterson, Velma M.	80.04
50.	Schwobel, Jeanette A.	322.74
51.	Stanginger, Lola C.	83.08
52.	Stimac, Stella C.	123.34
53.	Brown, Claudeous	740.78
54.	Miller, Dale A.	517.95

#### Survivor's Benefits

1.	Johnstone, Ruie M.	\$ 249.65
2.	Perry, Mary J.	261.07
3.	Reimche, Emil E.	130.04
4.	Shotwell, Lucille V.	133.40
5.	McCracken, Edna	244.49

#### Disability Benefits

1.	Gronberg, Jane E.	\$ 116.22
2.	Sala, Georgia	220.25
3.	Isaacson, Eunice	462.37
4.	Sabo, Irene	264.00

The next item of consideration was a modification of three items under Rules and Regulations which had been approved at the November 12, 1971 meeting. The following modified rules were approved by the Board:

#### Benefits

- (5) A beneficiary will be first eligible for survivor's benefits on the 1st of the month following the month of the deceased member's death.
- (9) The child's benefit of \$50 per month will be last payable the month in which he attains age eighteen.

Item no. 8 under Benefits refers to the final payment to the beneficiaries upon the death of an annuitant. The previous policy had been to provide a final payment only in the event the annuitant died on the last business day of the month. Mr. Dennehy stated that inasmuch as the benefit is paid at the end of the month in which the benefit accrued, the portion of the benefit which had accrued at the time of the annuitant's death should be paid to his beneficiary. This policy was approved by the Board upon a motion by Mr. Dennehy and a second by Mr. Caruso. Chairman Burke instructed the Executive Secretary to present a revision of Item no. 8 to the Board at its next



meeting.

The recent auditor's report had presented a number of items which the auditor recommended be implemented into the Teachers' Retirement System. At this time the Executive Secretary presented a report to the Board, which it had previously requested, itemizing the steps that had been taken to implement these recommendations. Mr. Hendrickson stated that no action had been taken on some of the recommendations. The Board requested that a continuing report be made as to the steps that will be taken on these matters. The Board gave particular attention to a comment in the auditor's report to the effect that a possibility of a conflict of interest might exist inasmuch as the retirement law states: "except as herein provided no member of the Retirement Board shall have an interest, direct or indirect, in the gains or profits of any investment of funds as provided herein, or as a member of the Board directly or indirectly, receive any pay or emolument for his services". The Retirement Board reviewed the possible conflict of interest regarding one of its members, namely, Mr. Paul Caruso. The Board's findings were that Mr. Caruso has always acted in the best interest of the Teachers' Retirement System. Further, the Board concluded that no conflict of interest exists, and as such no further action is required by the Board.

Mrs. Colburg presented her findings as to the omission of the military provision from the current retirement law. The recent recodification of the Teachers' Retirement law was supervised by the Department of Public Instruction. An employee of that department, Mr. John Campbell, performed the actual recodification which was reviewed by Mr. Larry Swift, an independent lawyer employed by the Department of Public Instruction. The final approval of the recodification was given by the Legislative Council. Mrs. Colburg stated that in reviewing the retirement law, she had concluded that the previous military service provision applied only to military service prior to the establishment of the Retirement System in 1937. This conclusion was in agreement with and independent of Mr. Campbell's findings. Mrs. Colburg further stated that if her conclusions were correct, no military credit should have been given for either World War II or the Korean Conflict. After a complete discussion of these findings, Mrs. Colburg moved that the matter be tabled inasmuch as two (2) members of the Board, Mr. Caruso and Mr. Simonsen, were absent at this time. Mr. Dennehy seconded the motion which was approved by the Board.

The Board next considered the Executive Secretary's request to attend the spring meeting of the Society of Actuaries in New Orleans. Mr. Hendrickson stated that this meeting was of particular interest to him since it was devoted solely to retirement plans and many topics of interest regarding public retirement systems were to be covered. He also stated that there were sufficient funds in the budget to cover the expense of this trip. Mr. Dennehy moved that the Executive Secretary's request to attend the Society of Actuaries meeting be approved. The motion was approved by the Board upon a second by Mrs. Colburg.



The last item of old business was the review of the budget report which had been presented to the Board members. The Executive Secretary stated that the budget had been depleted considerably because of two (2) large allocations which had not previously been appropriated; this included the auditor's report and the actuarial valuation. The expense encumbered from the actuarial valuation was a result of the services provided by the State Computer Division. Even with these additional expenses, he stated that it appeared that there would be no need for a budget amendment based on the expenditures to date and the anticipated expenditures through the end of the 1971-72 Fiscal Year. This did not include the funds which would be required for the printing of the proposed brochure as well as the mailing costs. Based on an estimate which had been provided by Thurber Printers, the cost for printing fifteen-thousand (15,000) copies of the brochure would be approximately fifteen-hundred dollars (\$1,500.00). In addition, an amount of approximately two-thousand dollars (\$2,000.00) would be required for the mailing of these brochures. Mr. Morris stated that he had contacted the State Controller regarding the possibility of using funds from the Minnie Fullam Fund for the printing and mailing costs of the brochure. He stated that since this fund had not been taken into consideration when the budget was established, it would be possible to use these funds for this purpose. After a thorough discussion of this matter, Mr. Caruso made a motion that the Minnie Fullam Fund be used to provide the funds for the printing and mailing of this brochure. Mrs. Colburg seconded the motion which was approved by the Board.

The first item of new business was the review of the actuarial valuation. Mr. Hendrickson reviewed some of the highlights of the report; the main point being that the Teachers' Retirement System is funded on an actuarially sound basis. In addition, the Board discussed the comments and recommendations which were included in the report. Because most of these recommendations required legislative action, the Board did not take any action at this time but will review them more carefully at a later date. Chairman Burke requested that the actuarial report be placed on account. Mrs. Colburg made a motion that Mr. Hendrickson and all other persons involved be commended and thanked for the effort which had been made in compiling the data in this report. The motion was approved by the Board upon a second by Mr. Caruso.

Mrs. Colburg brought to the attention of the Board a letter she had received from Mrs. Dorothe Nelson in which she stated she had received conflicting letters as to the cost of her out-of-state teaching service. Mr. Hendrickson stated that Mrs. Nelson would be sending a letter to this office which would be presented to the Board at a later date. In discussing this matter further, the Board felt that it had taken the proper stand on using the first (1st) years salary in Montana after returning from out-of-state teaching as the basis for determining the cost of out-of-state teaching credit.

The next item of new business was the review of the proposed benefits brochure. The proposed brochure was accepted with some modifications. The Board at this time approved the use of the 1965

Group Annuity Table at four-percent (4%) for males and females as the basis for determining the benefits payable under the Tax-deferred Annuity Program.

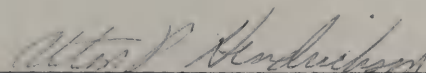
Mr. Morris stated that he had investigated the dates which are currently being used to give credit for service during the Korean Conflict. He stated that he could find no basis for the current period of June, 1950 through December, 1953. However a Congressional Act had stated that the official period of the Korean Conflict was June, 1950 through January, 1955. Based on this information, the Chairman directed the Executive Secretary to make the necessary changes regarding this matter.


The next item of new business was the consideration of a request from the Montana Department of Highways for a partial release of a trust indenture on the Joseph and Ethel Gross property in Gardiner, Montana. The partial release pertained to a ten (10) foot strip of land which would enable the Department of Highways to provide a sixty (60) foot wide right-of-way and to construct driving and parking lanes, sidewalks, and curbs. The owners would be provided with a six (6) foot sidewalk, curb, and gutter with no assestment to them. In addition, the project would provide new lighting throughout the entire 1.36 mile project at no cost to the owners.

The Department of Highways proposed a payment of one-thousand fifty dollars (\$1,050.00) to the owners if the partial release is granted, and wish to know if the Teachers' Retirement System would require any part of the compensation awarded the owners. Mr. Burke stated that he was familiar with the improvements that were to be made and felt that these improvements would increase the value of the property sufficiently to offset the value of the property released. Mr. Caruso made a motion that the Board sanction the partial release of property and that the Board would not require any portion of the payment to the owners. Mr. Dennehy seconded the motion which was approved by the Board.

The last item of new business was the request from Mr. Ed Heard, Business Agent of the Butte Teachers Union, that the severance pay given to the teachers upon retirement be included in determining the Final Average Salary. Mr. Dennehy stated that the severance pay was part of the contract salary. Inasmuch as the Board had previously ruled that all contract earnings would be used to determine the Final Average Salary, this severance pay would be included and that no further action was required by the Board.

The date and place of the June Board meeting was not set. The meeting was adjourned at 1:30 p.m. on a motion from Mr. Dennehy and a second by Mr. Caruso.

  
 Alton P. Hendrickson,  
 Executive Secretary

  
 James E. Burke, Chairman



## Executive Secretary's Report

March 11, 1972

The actuarial valuation of The Teachers' Retirement System has been completed. It is a pleasure to report that the valuation determined the System to be funded on an actuarially sound basis. Approximately 386 hours of overtime were spent in producing the valuation report. A considerable portion of this time was devoted to compiling the data needed to complete the valuation. Several inadequacies and limitations of our Burroughs E6000 system became apparent at this time. In light of these findings together with the auditor's recommendations, a study of the use of other facilities has been initiated.

Information regarding the interest charges on redeposits of withdrawals and purchases of out-of-state service has been published in the "Montana Schools" and the "MEA Bulletin". Because of the many questions regarding these changes, as well as other provisions of the System, it is important that a comprehensive brochure be distributed to all members before the end of the school term.

Since the last Board meeting, Bud and I spent two days in Butte conducting interviews with approximately 122 public school teachers, about forty-five of whom will retire July 1, 1972 because of the adoption of a sixty-five mandatory retirement age by the Butte school board. I also spoke to the local unit of the MEA in Three Forks. We are scheduled to speak to the Great Falls Retired Teachers' Association and the Butte Local of the Montana Federation of Teachers this week.

Our correspondence remains unusually heavy, mostly involving questions concerning the redeposit of withdrawals and the purchase of out-of-state service. We have already received about a dozen applications for retirement as of July 1, 1972 and have had numerous requests for estimates. Although Mrs. Morris and Mrs. Steen answer most routine inquiries, it seems that the bulk of the correspondence requires attention by either Bud or myself.

Dick Stang, our accountant, has been faced with the task of implementing the provisions of the statewide budget and accounting system which went into effect January 1, 1972. This has required an almost complete revision of the System's books. The initial implementation requires considerable effort on his part but should simplify accounting procedures in the future.

Our investigation to determine if any retired members were currently employed as active teachers has been completed. The comparison of our retired teachers with the list of active teachers from the Office of the Superintendent of Public Instruction did not reveal any retiree employed as an active teacher of whom we were not aware.

## Special Retirement Board Meeting

May 27, 1972

The meeting was called to order at 2:30 p.m. on Saturday, May 27, 1972 by Chairman Burke. The meeting was held at Eastern Montana College, Billings.

Those present were: James E. Burke, Chairman  
Paul D. Caruso  
Dolores Colburg  
Lorence B. Simonsen

Alton P. Hendrickson, Executive Secretary

Mr. James N. Dennehy was unable to attend.

The special meeting was called primarily to reconsider the Board's present policy regarding credit for service while exempt from the Teachers' Retirement System. Mr. Hendrickson stated that at the last Board meeting, the Board moved that it would abide by the Attorney General's opinion and not allow credit for service while exempt. Because of possible inequities, the Board had felt that possibly this matter could only be resolved in a court of law. Because most members affected by this policy would lose only a few years of service, Mr. Hendrickson stated that it did appear that there would be no class action brought against the System. However, because Mr. H.R. Salyer would lose credit for all service since 1937, he had notified Mr. Hendrickson that he would bring suit against the System if the Board did not reverse its policy.

After a thorough discussion, the Board again recognized the inequities to the members who were previously exempt. But also, it noted that if this policy were reversed, there would be an inequity created for members who did elect to join the System in 1937. Further, it felt that reversing the policy would be contrary to the law as well as the Attorney General's opinion.

At this time, Mr. H.R. Salyer was invited to address the Board in his behalf. Mr. Salyer stated that he came to Montana in 1930 and became a member of the then retirement system. This system required a contribution of \$1.00 per month which he did make. In 1937 when he was given a choice of membership or exemption, he was advised by his superintendent to not join the system. From this time until the Spring of 1970 he was not aware of his right to join the Retirement System if he so desired. In the Summer of 1970 he went to Helena and discussed this matter with Mr. J. Hugh McKinny, Executive Secretary. Mr. McKinny informed him that he could purchase credit for all years while he was exempt from the System. On November 24, 1970, he received a letter from Mr. Thomas E. Schneider, Assistant Executive Secretary, stating that the cost would be \$8,406.90 for service from September, 1937 through June, 1971. Mr. Salyer noted that he was shocked when he was informed in March, 1972 that he would not be able to receive credit for his past years of teaching service and requested the Board to reverse its policy in light of the



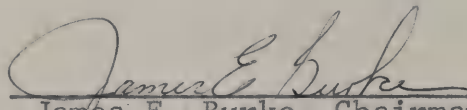
previous information which had been provided to him.

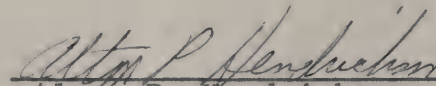
The Board thanked Mr. Salyer for his attendance and called for Executive Session at which time Mr. Salyer was dismissed. After further consideration, the Board did not wish to reverse its policy and Mrs. Colburg made the following motion which was seconded by Mr. Caruso and approved by the Board:

The Teachers' Retirement Board instructs the Executive Secretary, Mr. Alton P. Hendrickson, to request a conference with the Attorney General, Mr. Robert L. Woodahl, at his earliest possible convenience preferably Tuesday, May 30, 1972. This conference would be in behalf of the Board to seek counsel concerning exempt service credit; particularly, as to whether this matter can be resolved in a court of competent jurisdiction as soon as possible.

Because of a previous appointment with the Board of Regents, Mrs. Colburg requested to be excused at this time. The last item of new business was the Executive Secretary's request to change the factors which are used to convert the basic monthly benefit to the various options. Mr. Hendrickson stated that the current factors discriminate against members who are retiring over age 60 in that they receive a smaller percentage than members retiring at age 60 if they elect an optional benefit. He requested that factors be used which would be independent of age, and recommend that the factors currently being used at age 60 be applied to all members. The Board agreed that the factors should be changed inasmuch as it was not equitable that any member would receive less than he would have received had he retired at age 60.

The meeting was adjourned at 4:00 p.m. the next meeting set for June 24, 1972 in Helena at 9:00 a.m.

  
James E. Burke, Chairman

  
Alton P. Hendrickson,  
Executive Secretary

Retirement Board Meeting  
June 24, 1972

The meeting was called to order by Chairman Burke. Those present were:

James E. Burke, Chairman  
Paul D. Caruso  
James N. Dennehy  
Lorence B. Simonsen

Alton P. Hendrickson, Executive Secretary  
Owen L. Morris Jr., Assistant Executive Secretary

The minutes of the March 11, 1972 board meeting having been provided to the members were not read during the meeting. Mr. Dennehy moved that the minutes be approved. The motion was seconded by Mr. Simonsen and approved by the board.

The financial reports as of February 29, 1972, March 31, 1972, and May 30, 1972, were presented to the board. After a thorough review, Chairman Burke ordered the reports placed on record.

The board next reviewed the Executive Secretary's reports. A report was presented which covered the activities in the system since the previous board meeting. A second report reviewed the activities of the system and its board during the fiscal year 1971-72. This report also suggested goals to be attained during the year including presenting proposed legislation, working jointly with P.E.R.S. to coordinate the operation of the systems, and implementing a new computer system. Chairman Burke ordered the Executive Secretary's reports placed on record.

Under old business, the board considered a revision of the rules to provide that the portion of the monthly benefit which has accrued at the time of the retiree's death will be payable to his designated beneficiary. Because the board had previously approved such a provision, no further action was taken.

The first item of new business was the approval of retirement and disability benefits. After a review of the individual disability application, Mr. Dennehy moved that the following benefits be approved. The motion was seconded by Mr. Simonsen and approved by the board.

## Applications To Be Approved 6/24/72

Applications for Retirement Benefits

	<u>Option No.</u>	<u>Monthly Benefit</u>
1. Boucher, Eva	1	\$ 87.81
2. Brookie, Robert Hill	5	140.43
3. Corbett, Irene Agnes Diseth	2	261.24
4. Crumley, Arella Bunette	1	209.66
5. Desonia, Arthur James	4	273.62
6. Desonia, Georgia Louise Thorson	4	272.09
7. Ewald, Jo Lidderedale	2	280.00
8. O'Connor, James Joseph	5	154.63
9. Undem, Gertrude Catherine Schepens	2	126.41
10. White, Inez	1	129.05

Applications for Disability Benefits

1. Burns, Mary Ellen	1	170.50
2. Pohlman, Dolphy, O.	3	387.87
3. Pohlman, Isobel Minnie Henderson	3	167.18
4. Pratt, J. Samuel	1	341.14
5. Schnebly, Mr. Louis Millard	1	583.43
6. Sunwall, Ruth	1	167.02

A request by Mr. Charles Hood was presented to the board. Mr. Hood quit teaching about 10 days earlier than the regular teachers and, as such, his last day of teaching was in May. He requested that his retirement benefits commence June 1, 1972, inasmuch as he had not completed the school year. Based on information provided from the school, the executive secretary stated that Mr. Hood had not broken his contract and was being paid for the month of June. The board ruled that because Mr. Hood had not broken his contract which ran through June 30, 1972, he would be placed on retirement as of July 1, 1972.

The executive secretary presented Resolution No. 65 which was in appreciation for the services given by Mrs. Dorris Morris who retired on April 28, 1972. Mr. Caruso moved that the resolution be approved which was seconded by Mr. Dennehy. The motion was approved by the board.

An opinion had been requested from the Attorney General's office regarding the board's current policy as to the cost of out-of-state teaching credit. Mr. Hendrickson stated that because of the short notice on the opinion, it was not available for the board's review at this time.

The next item of old business was the review of the preliminary estimate as to the cost of converting the present computer system to the State's IBM-360. Time did not allow a complete report on the conversion; however, the executive secretary stated that such a report would be presented at a later meeting.

The executive secretary next presented a request from the Yellowstone National Park school to allow its teachers to become members of the Montana Teachers Retirement System. Mr. John J. Whitman, Principal, stated in his letter that the teachers were unable to participate in the Wyoming Retirement System or in the Civil Service Retirement System. He also stated that it was mandatory that the teachers of Yellowstone National Park School possess a valid Montana teaching certificate. Mr. Hendrickson stated that this problem was researched by the department of Public Instruction which found that a member of the Montana Teachers Retirement System must be a teacher in a Montana school district. Based upon the definition of a school district, it was concluded that the teachers at Yellowstone National Park would not qualify. Mr. Simonsen further noted that making an exception in this case might open the door to other problems regarding creditable service for teaching in other than Montana public schools.



While the board sympathized with this group of teachers, it concluded that they were not qualified to be members of the Teachers Retirement System.

The board next considered the operating budget for the fiscal year 1972-73. After a review and discussion of the financial requirements of the system during the coming year. Chairman Burke called an Executive Session. When the regular meeting was convened, Mr. Simonsen moved that the executive secretary's salary for 1972-73 be \$16,700 and the assistant executive secretary's salary be \$13,564. This motion was approved by the board upon a second by Mr. Dennehy. Mr. Caruso then moved that the following operating budget be approved for the fiscal year 1972-73. The motion was seconded by Mr. Simonsen and approved by the board:

#### BUDGET

#### FISCAL YEAR 1972-73

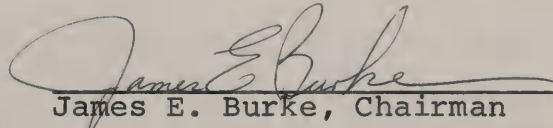
<u>Position</u>	<u>Salary</u>
Executive Secretary	\$16,700
Assistant Exec. Sec.	13,564
Accountant	8,125
Admin. Aide	7,128
Posting Clerk	6,716
Payroll Clerk	5,763
Payroll Clerk	5,423
Secretary	5,100
Clerk	3,375
Temporary	1,080
Work Study	245
Total Salaries	<u>\$73,519</u>
Operating Expenses	\$49,078
Total Budget	\$122,597

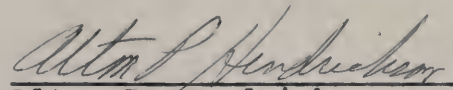
Mr. Simonsen stated that new board members should be better orientaed prior to their first meeting as to their responsibilities and duties. He suggested that a brochure be compiled which would provide the necessary information to all board members. It was also suggested that possibly an oral presentation should be given to each new member prior to the first meeting. After a brief discussion, Mr. Simonsen moved that the executive secretary prepare a brochure and allow the necessary time to orient all new board members prior to their first meeting. This motion was approved upon a second by Mr. Dennehy.

The board next discussed the activities of the system during the coming year including travel, staff, and legislative proposals. It was agreed that possibly some board members as well as the adminstrative staff attend national conventions related to teacher retirement systems.

Mr. Simonsen expressed the appreciation of the board for the insight and efforts which had been made by the executive secretary and the assistant executive secretary throughout the year. He further stated that it had been a tremendous year and that much had been accomplished.

Because of the necessity of approving the biennial budget for 1973-75, the next meeting was set for Helena at the end of July. Upon a proper motion and second, the meeting was adjourned at 12:30 P.M.

  
James E. Burke, Chairman

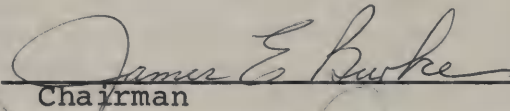
  
Alton P. Hendrickson,  
Executive Secretary

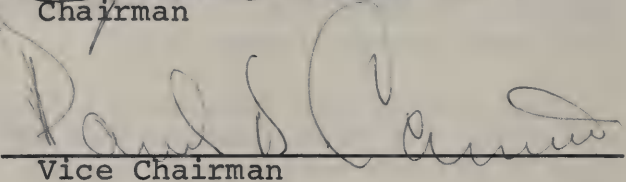
## Resolution No. 65

WHEREAS, Dorris V. Morris served as an employee of the Montana Teachers Retirement System from August, 1952 to May, 1972, and

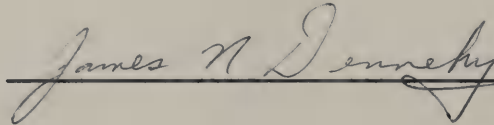
WHEREAS, we recognize the excellent, energetic and intelligent service that Dorris V. Morris has rendered to the System, now

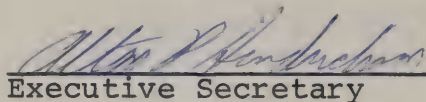
BE IT HEREBY RESOLVED, that the Teachers Retirement Board and its administrative staff express and record its gratitude for such service and, further, extend its wishes to Dorris V. Morris for a long and rewarding retirement.

  
Chairman

  
Vice Chairman

ATTEST:

  
\_\_\_\_\_  
\_\_\_\_\_

  
Executive Secretary

Executive Secretary's Report  
June 24, 1972

There has been considerable activity in the retirement system since the board's last regular meeting on March 11, 1972. During the first week of May, copies of the new brochure were distributed to all members of the system. This was the first complete mailing which had been made in years; the response was favorable.

June 30, 1972 is the deadline for the redeposit of withdrawals and the purchase of out of state service without interest penalties. Hundreds of members are currently in the process of purchasing service in order to avoid these penalties. This, as well as the interest aroused by the new brochure and the regular end of the year retirements, has caused an increase in our correspondence. During the month of May, we mailed over 450 personal letters in addition to over 500 form letters.

On June 29, 1972, our secretary, Mrs. Dorris Morris, retired. Mrs. Morris was employed with the Teachers Retirement System for over 19 years and had acquired an in depth knowledge of the benefits provided by this system. Because of this knowledge, her responsibilities were beyond that of the regular secretarial duties. Over the years, she had developed many friendships with the teachers as well as other employees of the state. She will be missed very much by the system.

On May 1, 1972, Mrs. Evelyn Burris was employed as the new secretary. The transition has been very smooth with no lapse in the service to the members.

On June 2, 1972, our accountant, Mr. Richard Stang, resigned his position. He will be going into private enterprise with his father. Because of his accrued vacation and paid sick leave, the system has been left without sufficient funds to employ a new accountant at this time. I have been informed by Mr. Doyle Saxby, Director of the Department of Administration, that it will be impossible to get the necessary funds through a budget amendment. As such, we will operate without an accountant during the month of June. Bud Morris has taken on the bulk of this additional responsibility. Mr. Edward Eve has been employed as the new accountant and will take that position on July 1, 1972.



Because of the inadequate services which were being provided by our janitor, we were forced to break his contract on May 19, 1972. We have employed the services of another janitorial firm. Not only have the janitorial services improved, but the monthly cost has been reduced.

During the last 3 months, Bud and I visited with the elementary and secondary teachers in Missoula, Billings, and Glendive. Because of the many visitors we have to this office at the end of the school term, we have kept our traveling to a minimum. Bud and I also conducted a seminar at the M.E.A. Delegate Assembly and fielded questions regarding the present and proposed provisions of the Teachers Retirement System.

I met with the University Benefits Committee last month to answer questions regarding the System. One suggestion which has been occurring frequently during the last years has been the possibility of allowing a University teacher to discontinue participation in the retirement system in order to join the Teachers Insurance and Annuity Association. T.I.A.A. is a national organization providing benefits to teachers. The big advantage it can offer is 100% immediate vesting in both employer and employee contributions. As I pointed out to the committee, this type of plan is of great advantage to the transient teacher but it could not compare to the current system in the benefits provided to Montana teachers. I was pleased that the end result of this meeting was a motion approved by the committee that it would discontinue further consideration of the T.I.A.A. plan and devote its energies to the improvement of the current retirement system. The committee did propose a number of changes which it will be submitting to the board in the near future. These changes are very much in line with those the board has already considered.

I was invited to address the annual meeting of the officers of the Montana Retired Teachers Association on May 19, 1972. I discussed the changes which the board has made in some policies as well as possible future changes through legislative action. The biggest problem the retirees face is that of the loss of purchasing power as a result of inflation. I feel strongly that this is an area that the retirement board should consider thoroughly. Because we now have a reasonable retirement formula related to the members' salaries which have been improving in the recent past, I do not feel that any benefit improvements for active members should be considered until something is first done for those members who retired prior to July 1, 1972 under the old formula.

As a smaller point, the retired teachers would very much like to be considered members of the retirement system. The current retirement law specifically states that a retired teacher is not a member of the system.

The basic theme of the meetings with the M.E.A. retirement committee, the University Benefits Committee, and the Retired Teachers Association has been possible changes in the retirement law. In each case, I have solicited their comments and support of any legislative changes proposed by the board.

On March 20 and 21, I attended the Society of Actuaries meeting in New Orleans, Louisiana. This meeting was devoted solely to retirement plans and many of the workshops were directed toward public plans such as our system. The workshops covered 3 main areas: investment of assets, actuarial techniques in valuing pension plans, and the outlook for pension plans particularly regarding Federal regulations and restrictions. Because many of the workshops were concurrent, I was unable to attend some of them.

One of the big concerns was the impact of Phase 2 upon the pension plan; however, unless we increase the benefit formula significantly in the future, this should have no effect upon our system. It is anticipated that the Federal Government will place restrictions on all plans including public plans in the future. I think it is encouraging that our system already meets most of the proposed restrictions such as a minimum vesting period of 5 years, a nondiscriminatory plan, and an orderly means of funding the plan on a financially sound basis.

The workshop devoted to actuarial assumptions and funding methods was very interesting. Again, I was encouraged to find that the actuarial assumptions used by other actuaries valuing state plans were comparable to those used in the recent actuarial valuation of our system.

Many of the state plans are currently investing a portion of their assets in stocks; however, they usually restrict this type of investment to less than 25% of the total portfolio. Because of the long term nature of our fund, I feel that the appreciation which can result from investments in stocks would be good for the system. In the past, private pension plans have always performed better than state plans because of their investments in stocks. This is an important consideration since a 1% increase in the investment rate can reduce the overall cost of the system from 20 to 30%. In the past, the retirement board has proposed legislation to allow investments in stocks and the legislature approved the proposal, but it was vetoed by the Governor since it was found to be unconstitutional. Because of the new constitution, the system can now invest in stocks provided the legislation is approved.

Although the retirement board no longer has the authority to invest the System's assets, I hope that it will recommend that the investment board support such legislation.

ANNUAL EXECUTIVE SECRETARY'S REPORT  
TO THE RETIREMENT BOARD  
July 1, 1971- June 30, 1972

On June 30, 1971, Mr. Hugh J. McKinny resigned his position as executive secretary of The Teachers Retirement System which he had held for over 16 years. On July 1, 1971, Mr. Alton P. Hendrickson was employed by the Retirement Board as the executive secretary.

Prior to Mr. McKinny's resignation, the assistant executive secretary had resigned. In June 1971, Mr. Owen L. Morris, Jr. was employed in this position. Mr. Morris had previously served with The Public Employees' Retirement System.

Because of a new retirement law which went into effect on July 1, 1972, as well as a change in the actuarial tables, most of the 260 retirement benefits had not been calculated. Therefore, the work load the first month was quite heavy; however, the transitional period went smoothly, largely, because of an able clerical staff with many years of experience.

As a result of an active and concerned retirement board many policy changes were made in the Retirement System during the year. The interest of the board members is reflected in the good attendance which was shown at the regular and special board meetings by all members unless prohibited by circumstances beyond their control. The board consisted of the following members:

James E. Burke, Chairman  
Paul D. Caruso, Vice-Chairman  
Dolores Colburg  
James N. Dennehy  
Lorence B. Simonsen

Mr. Simonsen was appointed this year by Governor Anderson to replace out-going member Mr. George H. Hayes.

During the year the following board meetings were held:

Special meeting- July 15, 1971  
Special meeting- August 27, 1971  
Regular meeting- September 17, 1971  
Special meeting- September 25, 1971



Special meeting- November 12, 1971  
Regular meeting- January 8, 1972  
Regular meeting- March 11, 1972  
Special meeting- May 27, 1972  
Regular meeting- June 24, 1972

The retirement board requested the executive secretary to present all policies of the system for its review and action where necessary. As a result, many policy changes were made. Not all changes were beneficial to some of the members, but the changes were necessary to establish equity and maintain the financial soundness of the system as well as eliminate any arbitrary practices. The following is a summary of the policies which were set by the board, many of which have been supported by opinions from the Attorney General's office:

At its August 27, 1971 meeting, the board ruled that "upon completion of a minimum of one year's service as an active member and upon ceasing teaching, a previously retired member may have his retirement reinstated. His retirement benefit will be based upon the then current retirement provisions". The previous practice was to allow a retired teacher to return to teaching for a minimum of 6 weeks and then reapply for retirement benefits under the current retirement law. The main reason for the board's policy was to maintain the financial stability of the system. While the exact savings to the system cannot be determined, it is estimated that the policy eliminated an additional liability to the system of several million dollars. The end result of a legal issue which was raised on this policy was that members who had or were in the process of returning to teaching for a minimum of 6 weeks were entitled to reapply for retirement benefits under the current law.

At its November 12, 1971 meeting, the Board ruled that "all out of state service to which a member is entitled may be purchased by a contribution to the Retirement System of an amount equal to 5% of his first full year's salary earned as a teacher in Montana subsequent to his return from out of state for each year of creditable service to be purchased". The previous practice was to allow a member to purchase out of state service at a cost per year of 5% of his first year's teaching in Montana, not necessarily his first year after returning from out of state. The board's policy will not only save the system hundreds of thousands of dollars in the future, but more importantly, it eliminates discrimination against the Montana teacher by not making out of state teaching credit less expensive than Montana teaching credit.

At this meeting, the board also eliminated all distinction between sexes. Because of the nature of this change, the financial position of the system was affected very little.

A previous policy provided that no member could begin receiving benefits from the System until the first of the month following the date an application had been made. Generally, the only time a member does not apply for benefits on the date which he is first eligible is when he is not aware of his eligibility. Therefore, the Retirement Board took the position that the member should not be held liable for this misunderstanding and that all benefits will be payable to the member from the date he was first eligible for the benefit.

At its March 11, 1972 meeting, the Retirement Board ruled that, based on an Attorney General's opinion, a previously exempt member of the System cannot purchase credit for service while exempt. The previous practice of allowing an exempt member to purchase credit for all years while exempt not only discriminated against those people who did not elect exemption but also jeopardized the financial stability of the System. However, inasmuch as past members had received credit for service while exempt and that many active teachers had been informed that they can purchase this credit, the Board was aware that some inequities might exist. The board felt that the only means by which this problem could be resolved would be through a court of law. It is anticipated that this policy will be under litigation in the near future.

Because retirement benefits are paid at the end of the month in which the benefit has accrued, the board ruled that the portion of the monthly benefit which had accrued at the time of a retiree's death should be payable to his beneficiaries or the estate.

At its May 19, 1972 meeting, the board established factors for converting the basic retirement benefit to optional benefits which would not discriminate by age. The previous factors provided a member with a smaller percentage each year he delayed retirement. This policy increases the liability upon the System but it is estimated that the increased liability is less than 3/4 of 1%.

In addition to the major policies stated above, the retirement board set many other policies which have had no major affect upon the System but have eased the administrative problems. All policies are shown in the minutes of the Board meetings which are maintained in the office of the Teachers' Retirement System.

During the year, a complete audit was made of this System. The auditor's report was presented to the retirement board on January 8, 1972 by Mr. Todd Lindberg, an accountant from the firm of Anderson and ZurMuehlen. The audit did not disclose any major discrepancies and showed the assets of the System as \$66,253,090 as of June 30, 1971. The report included 24 comments and recommendations. The retirement board felt that action should be taken on all of the 24 recommendations.



On March 11, 1972, the Executive Secretary presented a report to the board which stated that most of the recommendations had been implemented at the time. He stated that action would be taken on the other recommendations in the near future and a report presented to the board.

The board requested that a complete actuarial valuation of the System be conducted. This valuation was completed by Mr. Alton P. Hendrickson and presented to the board at its March 11, 1972 meeting. This valuation determined that the retirement system is being funded on an actuarially sound basis. The report included several recommendations which the board will be considering for legislative action during 1972-73.

Throughout the year, Bud Morris and I visited with many teachers in various cities throughout the state. This included visits to the local schools, as well as with the local units of the Montana Education Association and the Montana Federation of Teachers. It was very evident throughout these visits that many of the members were not aware of even the basic provisions of the retirement system. In an attempt to eliminate this situation, a Handbook of Information was printed and distributed to each member of the system during May, 1972. The response to this handbook has been very favorable.

As shown above, many accomplishments were made during the year. These accomplishments have not gone unnoticed, particularly by the members of the various benefits committees who were aware of the previous policies and practices. I feel the end result has been an increase in confidence in the administration and management of the System.

I am very pleased with the good working relationship this agency has maintained with each of the other state agencies. In particular, Mr. Doyle Saxby, Director of the Department of Administration, has been of great assistance not only as administrator, but also in an advisory capacity. He has worked very closely with this system on its budget and computer problems.

During the year, the main objective of the retirement board was to review all policies and take corrective action where necessary within the legal bounds of the law. This objective was accomplished. I think the main objective of the board in the coming year should be to support legislative action in order to update and improve the provisions of the retirement law. There are currently many provisions of the law which are inequitable and illogical; this has become evident through the many comments and suggestions which have been brought forth during the year. Before any legislative changes are proposed, I think the board should solicit comments from the MFT, MEA, MRTA, and the University Benefits Committee in order to have a broader base from which to make its proposals.

The Public Employees' Retirement System and the Teachers' Retirement System currently have a wide diversity in the benefits to which they provide their members. It is unreasonable that two systems should have such diversity when their objectives are so similar, i.e., to provide benefits to the employees of the state of Montana. I think that the boards of the two systems should work as closely as possible in order to propose comparable legislation in an attempt to head the systems in the same direction. Possibly it would be advisable to have a joint meeting of the boards before any legislation is proposed. I do not necessarily recommend that the ultimate objective should be to merge the systems, but I do not think it is unreasonable that an employer should provide the same benefits to each of its employees: the employer being the state of Montana.

Similarly, the same thinking should be carried over in the administration of the systems, particularly in the computer area. Because neither system is large enough to maintain an efficient computer system, I think it would be practical for the state computer bureau to supply all of the computer needs for both systems. The computer bureau is well managed and staffed, and could supply all of our needs sufficiently and economically. If the two systems approach this as a joint effort, a better accounting system could be devised at a much smaller cost. Bud Morris and I have been conducting a feasibility study toward this objective. Mr. Saxby has assured us that he will assist as much as possible in establishing a computer system as a joint effort of PERS and this System.

If the legislature approves the proposals which the board is considering and if the computer needs of the system are satisfied, I think we can look forward to a very efficient and effective retirement system by June 30, 1973.



SPECIAL BOARD MEETING  
July 28, 1972

The meeting was called to order by Chairman Burke.  
Those present were:

James E. Burke  
Paul D. Caruso  
Lorence B. Simonsen  
Alton P. Hendrickson, Executive Secretary  
Owen L. Morris Jr., Asst. Executive Secretary

The minutes of the June 24, 1972 board meeting were read by the executive secretary. Mr. Simonsen noted several corrections. The minutes as corrected were approved.

The board next reviewed the executive secretary's report and ordered that it be placed on record.

Mr. Ed Laws, Assistant Attorney General, joined the meeting at 9:30 A.M. to discuss Mr. Sayler's impending suit. Mr. Laws proposed that the board offer to refund Mr. Sayler's contributions with interest. Mr. Burke commented that this would be a reasonable offer provided the refund with interest would only be offered as a settlement and that no precedence would be set. This settlement was approved by the board.

Mr. Simonsen noted his concern as to where the responsibility for the previous exempt service practice should be placed. Considerable discussion was given as to whether or not the board should demand that specific individuals be subpoenaed for the hearing. It was agreed that the board would not demand any specific subpoenas but that the board's legal counsel should use its judgement in requesting testimony from any individual that would best serve to present the board's position on the exempt service issue.

Mr. Laws was dismissed from the meeting at 10:30 A.M.

Under old business, an attorney general's opinion was presented to the board which supported the board's current policy regarding the cost of out-of-state teaching credit. Mr. Hendrickson noted that a copy of this opinion had been submitted to Mr. Dennis O. Espeland and his attorney. No further action was taken by the board.

The first item of new business was the review of benefit applications. The following applications were approved by the board.

## Applications for Retirement Benefits- Life Only

	Monthly Benefit
1. Alt, Bonnie	\$ 61.90
2. Arnott, Ruth M.	216.33
3. Bardwell, Louise	561.54
4. Bender, Albert R.	287.56
5. Brekke, Jennie C.	108.30
6. Burgess, Robert M.	759.14
7. Burt, Flora	270.94
8. Carson, Mary L.	230.44
9. Castleberry, Vivian L.	166.25
10. Cleveland, Helen E.	230.22
11. Collins, Helen S.	222.20
12. Cornell, Adeline	181.92
13. Dickson, Joseph L.	459.22
14. Dickson, Sylvia E.	179.21
15. Dufresne, Anna M.	435.63
16. Durkin, Margaret W.	501.61
17. Edmister, Beatrice	206.72
18. Englet, Dorothy	428.93
19. Erickson, Arnold G.	963.83
20. Erwin, Iris M.	210.21
21. Fleischmann, Jeannette	474.61
22. Gaer, Bonita M.	518.84
23. Gagnon, Rhoda M.	388.61
24. Gaines, Evelyn	246.36
25. Gerlind, Ernestine	253.34
26. Glenn, Ella M.	351.42
27. Golde, Alfred W.	494.86
28. Green, Rhea K.	384.48
29. Gunderson, Carl M.	521.46
30. Gunderson, May C.	269.60
31. Gustafson, Irene	194.44
32. Hamry, Hazel I.	634.14
33. Hankinson, Clara	42.86
34. Harrsch, Leona M.	340.87
35. Harvey, Maria A.	118.73
36. Hedman, Edena	257.85
37. Helms, Helen	145.05
38. Hicks, Tillie	375.76
39. Higham, Jean S.	179.14
40. Highness, Ruth C.	286.62
41. Hirst, Josephine B.	137.09
42. Howard, Marion	260.06
43. Howey, Pearl S.	210.36
44. Huss, Reuben	514.72
45. Jahnke, Albert A.	400.34
46. Johnson, Goldie	391.55
47. Jones, Elizabeth	120.17
48. Jones, Mary	487.19
49. Kayser, Catherine	396.81
50. Keane, Mary T.	349.51
51. Kelly, Catherine C.	103.35
52. Kleppen, Ione E.	347.20

53.	Kerns, Elizabeth R.	\$ 72.13
54.	Koenig, Bernice L.	281.45
55.	Lally, Catherine	448.17
56.	Lamm, Lucille	364.86
57.	Lapiken, Peter P.	487.50
58.	Legrid, Amelia M.	433.97
59.	McAllister, John R.	346.92
60.	McCarren, Effie M.	670.43
61.	McDonald, Anna U.	597.73
62.	McDonald, Josephine	161.06
63.	McQuaig, Lucille M.	522.56
64.	Manning, Gladys	410.54
65.	Molen, Ione	327.61
66.	Moss, Lulu C.	547.47
67.	Murphy, Eileen C.	532.09
68.	Neal, Marguerite	107.78
69.	Nichols, Melba B.	315.38
70.	Nies, Mae E.	222.41
71.	Oktabec, Josephine	515.99
72.	Olson, Hazel	254.45
73.	Ostenson, Desta	243.45
74.	Parker, Josephine H.	505.49
75.	Penington, Dora H.	390.56
76.	Peters, Josephine	316.57
77.	Peterson, Leone M.	172.41
78.	Pfeiffer, Carrie	330.27
79.	Piche, Edna L.	270.60
80.	Pust, Margaret R.	115.65
81.	Ramberg, Gladys	276.22
82.	Rasmussen, Verna	530.56
83.	Rice, Corinne J.	199.13
84.	Riemer, Ellen E.	489.64
85.	Roberts, Agnes	318.79
86.	Rom, Lucille M.	179.45
87.	Royer, E. Gail	346.66
88.	Russell, Mabel	147.11
89.	Sherlock, Morgan J.	359.66
90.	Short, Margaret	149.32
91.	Shreeve, Mary F.	446.52
92.	Smith, Anna M.	299.32
93.	Spang, Ruth S.	345.14
94.	Sparlin, Elaine	195.82
95.	Stahl, Louis H.	291.67
96.	Stanton, Ruth	116.48
97.	Stark, Teresa	195.83
98.	Stokke, Irma A.	136.44
99.	Stromberg, Rosella	406.81
100.	Strutz, Clara	453.75
101.	Thomalla, Marie	440.39
102.	Thorp, Margaret L.	363.22
103.	Tripp Mary J.	195.86
104.	Tupper, Dorothy	465.75
105.	Vogt, Josephine	203.64
106.	Vogt, George	274.03
107.	Walker, Helen R.	77.39

108.	Weber, Helen M.	\$502.41
109.	Wilken, Maude M.	178.77
110.	Wilson, Dorothy B.	155.93
111.	Wilson, Reva M.	296.91

## Applications for Retirement Benefits- Options

	Option No.	Monthly Benefit
1. Anders Wilbur L.	2	\$247.27
2. Banks, Frances R.	3	126.23
3. Berg, Evelyn K.	2	365.20
4. Bergman, Helen C.	2	252.51
5. Blevins, Marcella E.	3	335.95
6. Browman, Ludvig G.	5	893.51
7. Brown, Ruby S.	3	51.40
8. Cabrin, Myrle	2	64.70
9. Cahill, Clarence R.	4	482.55
10. Cates, Dillard	2	103.31
11. Chandler, J. Wilbur	4	449.16
12. Conner, Alma W.	2	233.16
13. Cooper, E. Lyle	2	736.20
14. Cullen, Joseph T.	2	452.64
15. Cullen, Regina R.	2	251.83
16. Daniel, Irma I.	2	271.24
17. Davis, Charles C.	5	965.24
18. Davis, Jean W.	4	482.58
19. Didier, Hazel M.	2	82.36
20. Diettert, Reuben A.	5	735.74
21. Dixon, Lillie Mae	2	431.28
22. Doxtater, Louise	5	109.05
23. Eggebrecht, Herman W.	5	600.95
24. Emmett, C. Robert	3	83.20
25. Engelbach, Carl	4	506.18
26. Eriksen, Esther L.	2	363.22
27. Ewing, Helen M.	2	270.41
28. Franick, Mary S.	2	454.16
29. Forsgren, Wallace O.	3	546.08
30. Frahm, Elmer E.	3	606.70
31. Franceis, Cornelia K.	2	138.14
32. Gannon, Rosemary C.	2	499.16
33. Good, Marguerite	2	373.74
34. Green, Frances	3	129.74
35. Greer, William	5	714.94
36. Hall, Orrin B.	5	166.28
37. Hamilton, Alene	2	249.64
38. Hanley, Elizabeth	2	313.60
39. Harmon, Elsie	2	451.29
40. Harrison, Faye C.	4	376.09
41. Harvey, Galdys E.	5	325.35
42. Hertler, Charles F.	3	531.36
43. Hill, Fern	2	161.39
44. Hoheisel, William F.	3	373.27
45. Hood, Charles E.	5	592.53
46. Howard, Eva	3	131.14
47. Jones, Earl W.	5	330.85
48. Klampe, Marvin	5	691.28



## Applications for Retirement Benefits- Options Continued.

	Option No.	Monthly Benefit
49. Knapp, Pearl S.	2	\$350.78
50. Knudsen, Sverre J.	5	693.90
51. LaFontise, Marian W.	5	309.84
52. Lamb, Helen L.	2	137.98
53. Langbell, Delmar P.	5	911.56
54. Lauffer, Jenevie	3	126.43
55. LaValley, Vernon C.	5	412.06
56. Longan, Helene M.	2	473.89
57. Little, Cyril	4	431.70
58. Longpre, Malvina	2	211.55
59. McCarthy, Catherine M.	4	320.55
60. McCarthy, Josephine	2	410.38
61. McCleave, Hilda	2	219.10
62. McDonald, Andrew C.	5	428.52
63. McKenna, Clara E.	2	150.68
64. McLachlin, Amelia	2	32.64
65. Martin, Vera L.	3	122.92
66. Nelson, Howard	5	432.26
67. Nelson, Idella	2	174.46
68. Olson, Elmer A.	3	289.17
69. Osgard, Gerald	2	206.43
70. Page, Ethel M.	3	313.10
71. Peters, Howard J.	5	201.96
72. Pugh, David	3	343.98
73. Reardon, Ruth V.	2	605.42
74. Rhea, Bernice	2	99.87
75. Randall, Ronald R.	2	366.79
76. Roesti, Paul G.	2	577.78
77. Roll, Charley	5	542.53
78. Romsos, Myrtle	2	354.81
79. Rowton, Mary O.	2	108.18
80. Savage, Francis L.	4	528.78
81. Skinner, Halver, M.	4	450.14
82. Skor, Lloyd	5	542.78
83. Small, Margaret E.	2	620.85
84. Smith, Esther	2	191.30
85. Smith, Genevieve	2	288.19
86. Soroos, Ralph	3	480.96
87. Sparks, Ruby V.	2	151.96
88. Spencer, Sarathna	2	207.72
89. Stantorf, Lilith M.	2	151.54
90. Sweeney, Daniel F.	3	344.09
91. Thomas, Thelma M.	2	190.44
92. Tyler, Robert Sr.	4	204.37
93. Walker, Paul L.	2	602.21
94. Wallace, Robert, F.	3	303.01
95. Wasley, Russell W.	4	355.24
96. Waylett, Esther S.	2	290.39
97. Weigel, Eugene H.	4	453.70
98. Woodard, Myrtle	2	45.77
99. York, Edwin	2	233.40
100. Zopfi, Avis L.	3	125.25

## Applications for Disability Benefits

	Monthly Benefit
1. Duncan, Lawrence	\$165.52
2. Moore, John E.	605.15

## Applications for Survivor's Benefits

	Monthly Benefit
1. Kelly, E. Gordon	\$ 78.42
2. Peck, Nancy M.	491.90
3. Piatt, May T.	911.45

The second item of new business was the 1973-75 biennium budget for the retirement system. Mr. Morris reviewed each of the budget items noting specifically additional costs for the installation of a new computer system, the printing of an updated benefit brochure and the necessary maintenance on the building. This presentation was followed by a discussion of the various items after which Mr. Caruso moved that the budget as presented be approved. The motion was approved by the board upon a second by Mr. Simonsen.

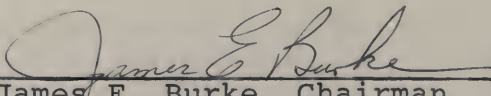
The board next considered a request for attendance at the two national conferences on retirement systems. Mr. Morris requested to attend the national conference of state retirement administrators in Seattle during August. Both Mr. Hendrickson and Mr. Morris requested attendance at the national conference on teacher retirement to be held in Las Vegas, Nevada on September 25 through 28th. It was also suggested that it would be worthwhile if one or more of the board members could attend either of these conferences. However, because of time conflicts no member was able to commit himself at this time. Mr. Simonsen moved that the attendance at the conferences be approved as requested. The motion was seconded by Mr. Caruso and approved by the board.

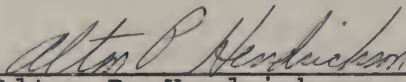
Mr. Caruso asked what steps had been taken toward preparing the proposed legislative changes which would be affective July 1, 1973. Mr. Hendrickson stated that a tentative list of changes would be submitted to the board members during August with the hope that these changes would be discussed at the next regular board meeting.

The last item of business was the 1972-73 interest credit rate. The executive secretary stated that because the necessary information had not been made available from the state board of investments, the exact earnings rate for the system during the previous year had not been determined. He further stated that inasmuch as the basic retirement benefit was not affected by the actual interest rate, and that a proposal would be made to refund interest as well as contributions upon withdrawal, it would be convenient if the board did not increase the interest rate from 5 1/2 percent. Mr. Simonsen requested information whether this would affect the thirteenth check which is mailed to retired members each December. After a review of the retirement law, it was concluded that the thirteenth check could be determined independently of the current interest credit rate. Mr. Caruso moved and Mr. Simonsen seconded that the regular interest rate for the fiscal year 1972-73 be 5 1/2 percent per annum. The motion was approved by the board.

At this time, Chairman Burke called an executive session as requested by Mr. Simonsen.

The meeting was adjourned at 12:15 P.M. upon a proper motion and second. The next meeting was set for August 24th at 9:00 A.M. in Helena.

  
James E. Burke, Chairman

  
Alton P. Hendrickson,  
Executive Secretary

EXECUTIVE SECRETARY'S REPORT  
July 28, 1972

The Attorney General's office has notified the Teachers Retirement System that a suit has been filed against the System with Mr. H.R. Salyer named as the plaintiff and the Board members named as the defendants. The basis of the suit is the Board's current policy regarding exempt service. The hearing was set for July 31, 1972 but has been reset for August 4, 1972. Mr. Ed Laws, Assistant Attorney General, will represent the Board in this case. Mr. Laws is uncertain at this time whether or not it will be necessary for the Executive Secretary or one or more Board members to testify at the hearing. He may request a testimony from one of the local Board members.

The budget for the fiscal year 1972-73 was presented to the Department of Administration and approved by its Director, Mr. Doyle Saxby.

The benefits for those members retiring at the end of the 1972 school year have been calculated and checked. These checks will be mailed from this office on July 31, 1972.

As of July 1972, we are processing all checks through the state Accounting Department. This will eliminate the necessity of our writing any checks and, more importantly, it will allow us to maintain better controls on our own accounting system.

Because of the time required to process the retirement benefits and the proposed budgets, we have been unable to prepare the list of proposed legislative changes which the Board has requested. Because the next regular Board meeting will be held in September, the list of legislative changes will be mailed to the board members within three weeks.



RETIREMENT BOARD MEETING  
AUGUST 25, 1972

The meeting was called to order at 9:05 A.M. by chairman Burke. Those present were:

James E. Burke  
James N. Dennehy  
Lorence B. Simonsen  
Dolores Colburg  
Alton P. Hendrickson, Executive Secretary  
Owen L. Morris Jr., Asst. Executive Secretary  
Evelyn J. Burris, Secretary

Mr. Simonsen moved that the minutes of the July 28, 1972 meeting be approved. The motion was seconded by Mr. Dennehy and approved by the board.

The board next reviewed the executive secretary's report. Mr. Simonsen noted that he felt the basis for the court's verdict in the case of Salyer versus the Teachers Retirement Board was obscure. He further stated that he was concerned with any precedence this verdict might set. Mr. Burke suggested that legislation be introduced at the next legislative session specifically defining the provisions for receiving credit for exempt service. It was generally agreed that this might be the best solution. The report was ordered placed on file by the chairman.

The next item of business was the financial report. The large amount of cash assets was brought to the attention of the board by Mr. Burke. Mr. Hendrickson stated that it was the policy of the investment board to keep the uninvested assets at a minimum; however, because of the large number of refunds during the summer months, together with the need for cash for the retirement payroll, the investment board had been instructed to retain a sizable amount of liquid assets.

Mr. Morris suggested that a different format be used in presenting financial reports and requested suggestions from the board members. A discussion followed concerning the various accounts of the system and their implications. Mrs. Colburg suggested that comparative reports on the financial status of the system be presented to the board. She further inquired as to the reports received from the board of investments and suggested that a representative of the retirement system attend some of the investment meetings. A discussion followed with Mr. Morris illustrating the daily advice reports which are received from the investment board.

Under old business exempt service was discussed. It was suggested that inasmuch as the court had ruled favorably for Mr. Salyer regarding exempt service, that credit for exempt service be granted for all members. Mr. Simonsen stated that, because the verdict had apparently not been based on a legal premise, he could not support such a proposal. Mrs. Colburg stated that it was her understanding that the Attorney General's office would take action necessary to insure that the verdict in Mr. Salyer's case would answer all relevant questions regarding exempt service. She expressed disappointment that this had not taken place. The board next discussed several alternatives including appealing the Salyer case, taking no action until the next legislative session, and having a class action brought against the system to settle this matter.

In conclusion, it was agreed that the Attorney General's office should be contacted for further legal advice. Mr. Simonsen moved that an opinion be requested from Attorney General Woodahl as to whether the Salyer court order sets precedence in all other cases in which a teacher elected to be exempt from the retirement system upon its establishment. If it does set precedence, can the Teachers Retirement Board allow such teachers to purchase credit for such exempt service with the assurance that this policy would be set upon a legal basis? Mr. Dennehy seconded the motion which was approved by the board. A suggestion was made that when a final decision is reached, that all teachers be informed via releases to the newspapers and other publications.

The first item of new business was the approval of the following benefit applications:

	Monthly Benefit
1. Margaret P. Brown	\$156.03
2. Theo Bay	242.63
3. Ruth C. Cannon	243.32
4. Lucille Cosgrove	261.56
5. Howard Dean	565.92
6. Mary Edgerton	80.65
7. Alice Franklin	373.26
8. Conrad B. Glaim	273.70
9. May S. Gore	367.20
10. Helen Helms	26.38
11. Beatrice Holte	37.79
12. Fern Hunter	173.29
13. Dorothy H. Hunton	271.51
14. Viola James	263.66
15. Hazel Jones	52.53
16. Madge Kampfe	229.91
17. Pearl Kauk	101.09
18. Jenevie Lauffer	159.36
19. John Lester	440.52
20. Madalyne Long	263.04

## Applications for Retirement Continued

## Monthly Benefit

21.	Charles McShane	\$119.34
22.	Bertha Maltby	767.50
23.	Bernice Mantor	63.36
24.	Alice E. Matthews	497.43
25.	Mildred Meldahl	48.33
26.	Melvin S. Morris	665.89
27.	Agnes Murphy	428.71
28.	Viola C. Nelson	176.07
29.	Esther Newmiller	193.13
30.	Sarah Oscarson	112.70
31.	Margaret C. Paxon	95.69
32.	J.H. Pepper	772.02
33.	Belinda B. Roberts	422.32
34.	H.R. Salyer	442.64
35.	Maudie Sturdevent	202.27
36.	Margareth Thomas	166.06
37.	Wilda B. Totten	131.24
38.	Russell Wasley	355.24
39.	Jess W. Whitney	653.62
40.	Barbara M. Whyde	152.90
41.	Winifred H. Wyatt	192.07
42.	Edith Wylie	155.78
43.	Avis L. Zopfi	250.50
44.	Margaret Freed	72.06
45.	Marian W. LaFontise	21.21

## Applications for Disability

1. Marian L. Patek
2. Jeannette H. Jackson
3. George T. Davis
4. Alvin J. Salveson
5. Arlene C. Babcock
6. John B. Celar

## Applications for Survivor's Benefits

1. Lloyd Strand

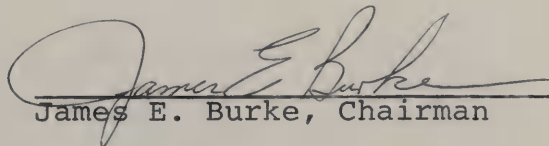
The disability applications were reviewed individually by the board. Mr. Burke suggested that the administrators set up a follow-up program for disabled members under age 60 to determine their medical status. Mr. Simonsen further suggested that the disability application form be revised to provide more meaningful information. Mr. Simonsen moved and Mr. Dennehy seconded that all applications be approved by the board. This motion was approved by the board.


The board next considered a request by Alice Renouar to receive a monthly retirement benefit. Mrs. Renouar had taught 18 years in Montana but 10 years had been with a parochial school. Also, 4 years were prior to 1937 and, as such, she did not have the necessary 5 years of membership service in order to qualify her for retirement benefit. The board sympathized with Mrs. Renouar but concluded that it was bound by the law and therefore could not offer any benefits at this time other than the return of her personal contributions.

The executive secretary stated that he felt the reciprocity of credits between the Teachers Retirement System and the Public Employees Retirement System was not well defined and suggested that this be considered by the board. Mrs. Colburg requested a comparative analyses of the two systems. It was agreed that reciprocity as well as other provisions of the two systems should be discussed at a later joint meeting of the two boards.

The last item of new business was proposed legislative changes. A tentative list of changes was submitted to the board members and thoroughly discussed. Mr. Burke suggested that these proposals be discussed further at the next board meeting and that representatives of interested groups be invited to that meeting. Mrs. Colburg further suggested that the proposals be placed in a format which would make the changes more discernible.

The meeting was adjourned at 1:15 P.M. upon a motion by Mr. Simonsen and a second by Mr. Dennehy. The next meeting was set for October 6, 1972 at 9:00 A.M. in Helena.

  
James E. Burke, Chairman

  
Alton P. Hendrickson,  
Executive Secretary



## EXECUTIVE SECRETARY'S REPORT

AUGUST 25, 1972

On August 8, 1972, the Teachers Retirement System received the court order regarding Mr. H.R. Sayler's case against the system. The court order directed the system to provide Mr. Sayler with his retirement benefits. The retirement board has agreed not to appeal the verdict and, as such, Mr. Sayler will be granted his benefits.

Because of the current airline strike, Bud Morris was unable to make the necessary connections to attend the National Conference of State Retirement Administrators in Seattle, Washington. We do not anticipate similar problems for the National Conference on Teacher Retirement.

Because of the interest charge which was affective July 1, 1972, a large number of members have purchase additional credit. We are currently in the process of updating our ledger sheets to reflect the additional credit and, as such, our annual statements have been delayed. We anticipate mailing the statements within two weeks.

RETIREMENT BOARD MEETING  
OCTOBER 6, 1972

The meeting was called to order at 9:15 A.M. by chairman Burke. Those present were:

James E. Burke  
James N. Dennehy  
Lorence B. Simonsen  
Dolores Colburg  
Alton P. Hendrickson, Executive Secretary  
Owen L. Morris Jr., Asst. Executive Secretary

Mr. Simonsen noted that the second sentence of the fourth paragraph should be corrected to read "the large amount of cash assets was brought to the attention of the board by Mr. Burke". The minutes were approved as corrected.

The board next reviewed the Executive Secretary's report. Mr. Hendrickson noted that there had been a considerable amount of discussion recently as to whether public pension plans must meet the same qualifications as private pension plans. It was the general consensus at the conferences which he attended that public plans should not begin taking action to qualify under IRS unless requested to by the regional IRS office. Mr. Morris and Mr. Burke gave a brief review of the seminars which they attended at the NCTR meeting in Las Vegas. Mr. Burke noted that several brochures were brought to his attention which he felt were worth while of further consideration and that possibly these brochures should be made available to our retiring members. The chairman ordered the report placed on file.

The financial report was briefly reviewed by the board. Because it had not been made available prior to the meeting, Mr. Simonsen requested that further consideration of the report be deferred until the next meeting in order to allow time for a complete review.

The first item of old business was reconsideration of the board's current policy regarding exempt service. The Attorney General's letter of October 2, 1972 in response to the board's request for advice on the ruling of the district court in the case of Salyer versus the Teachers Retirement Board was presented to the board. After considerable discussion, Mr. Simonsen

moved that based on the Attorney General's letter, the Teachers Retirement System establish a policy allowing members to purchase credit for service while exempt from the Teachers Retirement System. The motion was seconded by Mrs. Colburg and approved by the board.

Under new business, the board approved the following benefit applications after careful review of the 3 disability applications:

<u>MEMBER</u>	<u>MONTHLY BENEFIT</u>
Mary F. Deland	\$208.14
B. Mary Horner	52.38
E. L. Moyer	177.08
Frances Smith	234.17
Harriet K. Wytenhove	54.12
Gertrude Bonde      Disability	316.00
Donald Campbell      "	319.35
E. Clarine Keays      "	364.24

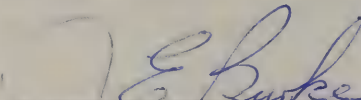
The last item of consideration was legislative proposals. Prior to discussing benefit changes, Mr. Simonsen introduced discussion of several other legislative changes pertaining to the accounting system.


In order to allow a diversified discussion of legislative changes pertaining to benefits, the board invited the following representatives to attend its meeting:

G.V. Erickson, Montana Education Association  
 Albert Hopkins, Montana Education Association  
 James McGarvey, Montana Federation of Teachers  
 Martin Eriksen, Montana Retired Teachers Association  
 Joseph Laird, Montana Retired Teachers Association  
 Fred Henningsen, University Benefits Committee

After thorough consideration of many legislative changes, the committee agreed to a slate of legislative proposals which were approved by the board.

The meeting was adjourned at 2:45 P.M. upon proper motion and seconded. The date of the next meeting was not set.

  
 James E. Burke, Chairman

  
 Alton P. Hendrickson,  
 Executive Secretary

## EXECUTIVE SECRETARY'S REPORT

OCTOBER 6, 1972

The annual statements have been mailed to all members. Unfortunately, because of inexplicable computer errors, a number of statements were incorrect. Adjustments have been made on all incorrect statements brought to our attention.

Jim Burke, Bud Morris, and I attended the annual meeting of the National Council on Teacher Retirement. Jim Howeth also attended as a representative of the Investment Board. The meeting was held in Las Vegas, September 25 through the 28th.

The committee on retired teacher problems of which I am a member conducted a study to determine the problems being faced by retirement systems. The biggest problem is that of increased retirement benefits, particularly to current retirees. The second biggest problem was the need to increase the staffs of the systems in order to provide better service to their members, particularly communication of benefits. The committee submitted several proposals to the NCTR for priority consideration including:

1. Determining a standard index in adjustment for cost of living increases. The consumer price index which is most commonly used is not generally considered the ideal indicator of these increases.
2. Encouraging all systems to proper fund for cost of living increases.
3. Encouraging all systems to attempt to provide comparable benefits and provisions such as the amount of out-of-state credit allowable.

One workshop of particular interest to me was the qualification of public retirement plans under 401 (a) of the Internal Revenue Codes. The Internal Revenue Service is pushing very strongly to require all public plans to meet the same qualifications as private pension plans if they are to continue to enjoy the tax advantages of a qualified pension plan. This would place a great burden upon the public plans since all necessary changes would have to be approved by the legislature. In order to qualify at



this time, our plan would probably have to be modified to reduce both the death and disability benefits. In addition, the trust instrument would probably have to be better defined. At this session, as well as one which I attended at the actuarial convention, it was generally agreed that public plans should not begin taking action to qualify under IRS but rather to sit tight unless qualification is specifically requested by the regional IRS office.

Bud attended a workshop on legislative trends. Some states have passed legislation which provide that the employer contribute the full amount of contributions in lieu of salary increases to the teachers. States that have this arrangement appear to favor it while other states seem to be apprehensive of any plan to which the employee does not contribute because it is felt that the employees loses a voice in the management of the system.

In some states retirement benefits have become an item of negotiation for teacher bargaining groups which have in some cases negotiated an increase in retirement benefits without regard to proper funding of the system.

Post retirement increases are provided by a number of states as evidenced by the attached resume. The importance of proper funding of any such increases was discussed.

A number of the workshops were devoted to economic trends and investment policies of the retirement systems. Jim Howeth found these workshops to be of particular interest. One of the workshops dealt with reflecting investment return in the actuarial assumption. The interest assumptions currently being used in actuarial evaluations range from 4% to 6 1/2%. The average rate was about 5 1/2% which is currently the rate assumed by this system.

## RETIREMENT BOARD MEETING

DECEMBER 7, 1972

The meeting was called to order at 9:15 A.M. by chairman Burke. Those present were:

James E. Burke  
Paul D. Caruso  
James N. Dennehy  
Alton P. Hendrickson, Executive Secretary  
Owen L. Morris Jr., Asst. Executive Secretary  
Evelyn J. Burris, Secretary

Mr. Caruso moved that the minutes of the last board meeting be approved. This motion was seconded by Mr. Dennehy and approved by the board.

The financial report was reviewed and ordered placed as part of the minutes.

The board next reviewed the Executive Secretary's report. There was a brief discussion of the administrative manual which is being prepared to be distributed to each of the school clerks.

Under old business, the board discussed legislative proposals. The discussion pertained mainly to housekeeping changes which are being introduced. Also, the board reconsidered its proposal to allow up to 2 years of credit to be purchased for employment while on leave of absence. It was felt that this provision should remain; however, the board would be agreeable to rewording the provision to make it more definitive.

Under new business, the board first considered the 13th check payment which represents excess interest on the reserve of employee's portion of the monthly benefit. It was agreed that a 13th check should be paid to all members who retired prior to July 1, 1971 in which the monthly benefit was related to the interest assumption assumed of 3%. Considerable discussion was given to whether members who retired after July 1, 1971 should receive a 13th check. The reserve interest rate is 4%. Because the crediting rate of interest is 5 1/2%, Mr. Caruso moved that a 13th check be paid to each member who retired prior to July 1, 1971 with the excess interest being 2 1/2% and a 13th check be paid to those who retired after July 1, 1971 with the excess interest rate being 1 1/2%. The motion was seconded by James Dennehy and approved by the board.

Because the proposed legislative changes are intended to eliminate any inequities in the benefits as well as allow a cost of living adjustment, it was felt that possibly the 13th check payment should be discontinued in the future. The board agreed that this matter should be considered after the legislative proposals have been approved or disapproved and that in the event the 13th check is discontinued, all teachers would be notified immediately of this policy.

The next item of new business was the suit being brought against the retirement board by Dennis O. Espeland. This suit pertains to the basis for determining the cost of out-of-state credit. It was agreed that no further action could be taken at this time and Mr. Caruso suggested that the Attorney General proceed on behalf of the board.

After careful review of two disability applications, Mr. Dennehy moved that the following benefit applications be approved. The motion was seconded by Mr. Caruso and approved by the board:

#### RETIREMENT BENEFITS

#### MONTHLY BENEFIT

Alfred L. Abelin	\$ 66.79
Lucille Bainbridge	207.42
William E. Booth	762.33
Berdine M. Clark	239.44
Lois G. Diacon	30.14
Robert Dunbar	796.15
Mabel Ernester	279.26
Margaret Gilfeather	52.36
Virginia Glore	188.81
Sybil T. Haugland	356.18
Lawrence Hodge	237.21
Elsie Jones	72.14
Lillian Kirkpatrick	195.92
Margaret Maness	292.88
Genevieve Mizen	65.61
Selma O. Morrison	175.58
Clemon Peck	76.19
Velma Pemberton	167.68
Harold Semans	66.57
James W. VanWinkle	524.88
Betty Westover	61.22
Violet Widdicombe	174.39

## DISABILITY

## MONTHLY BENEFIT

Mary L. Kretzer  
Helen M. Svendsbye

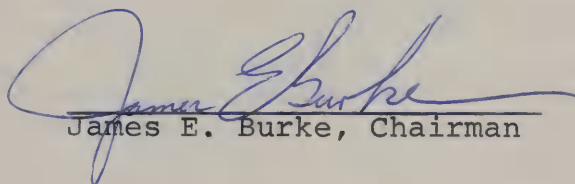
\$136.43  
185.14

## SURVIVOR

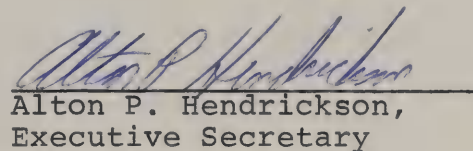
Emma Doty  
Minnabeth Garrison  
Blanche E. Payne

\$126.84  
425.29  
103.04

The meeting was adjourned at 12:00 O'clock P.M. and no date was set for the next board meeting.



James E. Burke, Chairman



Alton P. Hendrickson,  
Executive Secretary



## EXECUTIVE SECRETARY'S REPORT

DECEMBER 8, 1972

Since the approval of the proposed legislative changes, Bud Morris and I have visted with many local units of the Retirement Teachers Association and the Montana Education Association. At these meetings, we have informed the members of the proposed changes and have requested their support. The changes have been well received by all members.

We are in the process of revising a number of forms including the application for disability and retirements. Also, we are drafting an administrative manual to be distributed to each of the school clerks. Hopefully, this will eliminate questions as to who should be members of our system and also point out the importance of submitting the monthly reports on time.

## RETIREMENT BOARD MEETING

March 30, 1973

The meeting was called to order at 9:30 A.M. by chairman Burke. Those present were:

James E. Burke  
Paul D. Caruso  
Dolores Colburg  
James N. Dennehy  
Lorence B. Simonsen  
Alton P. Hendrickson, Executive Secretary  
Owen L. Morris Jr., Asst. Executive Secretary  
Evelyn J. Burris, Secretary

Mr. Caruso moved that the minutes of the last board meeting be approved. This motion was seconded by Mr. Dennehy and approved by the board.

The financial report was the next item of business. Mr. Ed Eve was invited to address the board as the accountant of the Retirement System. Mr. Eve discussed some of the changes and improvements in the accounting system during the last year, particularly the revision of the monthly accounting report. Several questions were raised as to the records on investments. Mr. Eve stated that records on investments are posted and cross checked and also that a print out of the investments is received from the board of investments. Mr. Eve was then excused from the meeting.

As a result of the continuation of the discussion on investments, Mrs. Colburg moved that the executive secretary secure a copy of investment policies from the board of investments with continuing changes and that the retirement system be advised if the board of investment begins to seriously consider investment in stocks. This motion was seconded by Mr. Dennehy and approved by the board.

Dr. Simonsen moved and Mrs. Colburg seconded that the executive secretary check on the judicial limits of the investments in stocks as defined by the policies of the investment board.

The board next reviewed the executive secretary's report. Mr. Hendrickson briefly reviewed the events which took place regarding legislation affecting the retirement system. Mr. Burke moved that it be noted that the retirement board wishes to compliment the executive secretary and the assistant executive secretary and their staff on the work performed during this legislative session. Also, that Mrs. Colburg and her office staff be complimented. The motion was seconded by Dr. Simonsen and approved by the board.

Dr. Simonsen stated that he is not requesting reimbursement for expenses during his appearance at the legislative sessions.

Under new business, the board first considered the 13th check. Because recent legislation provides a cost of living adjustment for 2 years, and that excess interest earnings will help defray the cost of this cost of living adjustment, Dr. Simonsen moved and Mr. Dennehy seconded that the 13th check be suspended for 2 years and that the members receiving benefits be so notified. The motion was seconded by Mr. Caruso and approved by the board.

The next item of new business was the death benefit formula. Mr. Hendrickson stated that the original death benefit provided in the law produced a relatively small death benefit; however, because of an artificial redefinition of reserve in December, 1966, a current death benefit formula produced an excessively large death benefit in cases where the beneficiary is substantially older than the member. He further stated that the death benefit provision established during the current legislative session produces a reasonable and equitable monthly benefit as well as \$500 lump sum death payment. He therefore requested the retirement board consider applying the new death benefit in determining the monthly payment for all deaths occurring after July 1, 1973. After a thorough discussion, Dr. Simonsen moved and Mr. Caruso seconded that an opinion be requested of the Attorney General as to the proper death benefit formula to be used for all deaths occurring after July 1, 1973. The motion was approved by the board.

After careful review of the disability applications, Mr. Dennehy moved that the following retirement and disability applications be approved. The motion was seconded by Mr. Caruso and approved by the board.

#### RETIREMENT

#### MONTHLY BENEFIT

Lucy V. Ashbury	\$109.99
Grace Bigelow	77.68
Dorothy F. Breck	294.00
Stella Broesder	286.80
Gladys Cummings	106.81
Lucille Erlandson	78.58
Glenna M. Everson	203.34
Marjorie S. Hamann	239.68
Ivah Knowlton	204.41
Erma D. Lampert	137.78
Winifred S. Lloyd	100.60
Pauline Marsh	76.29
Patrick H. McCarthy	79.47
Teresa McGreevey	410.31
Lois McKinely	143.05
Dora Monroe	171.15
Ethelynne Moyer	336.79
Errett L. Moyer	211.91

## Applications for Retirement Benefits continued.

## RETIREMENT

## MONTHLY BENEFIT

Ruth E. Murphy	\$495.16
Edith H. Palmer	164.46
Evelyn J. Sullivan	99.44
Elsie Svoboda	296.52
Royal J. Turley	32.29
Katherine M. Tyler	108.33
Jessie S. Wilbur	551.62
Clarice K. Willsey	505.19

## SURVIVOR

Dale Blanks	\$128.25
Debra Blanks	126.89
Duncan Blanks	222.55
Helen A. Garoutte	52.79
Gertrude H. Gilbert	752.66

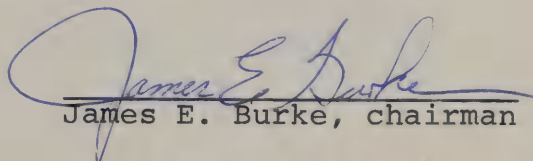
## DISABILITY

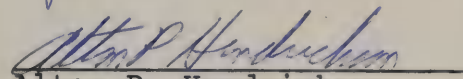
Genevieve W. Bassett	\$469.25
Ethelyn D. Richardson	327.91
Virginia Wilson	236.41

At this time chairman Burke declared the board meeting to be in executive session. Mr. Hendrickson was invited to address the board. At this time, he submitted his resignation as the executive secretary effective May 1, 1973. He was then excused from the meeting.

The meeting was subsequently called back to regular session at which time the board announced that it would be meeting April 7th to consider further the executive secretary's resignation.

The meeting was adjourned upon proper motion and seconded.

  
James E. Burke, chairman

  
Alton P. Hendrickson  
Executive Secretary



## RETIREMENT BOARD MEETING

## Special Session

April 7, 1973

The meeting was called to order at 9:30 A.M. by chairman Burke. Those present were:

James E. Burke  
Paul D. Caruso  
Dolores Colburg  
James N. Dennehy  
Lorence B. Simonsen  
Alton P. Hendrickson, Executive Secretary  
Owen L. Morris Jr., Asst. Executive Secretary

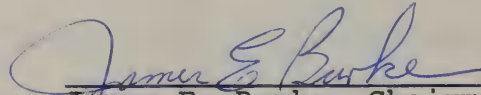
The meeting was immediately placed in executive session. The executive secretary and the assistant executive secretary were excused.


After returning to the regular session, chairman Burke directed the executive secretary to publicly announce that the retirement board was accepting applications for the position of executive secretary. This announcement was submitted to 50 state retirement systems, the Associate Press, the United Press International, the Montana Education Association, the Montana Federation of Teachers, the University Benefits Committee, and the placement officers at the university systems.

The board further stated that no application would be accepted after May 4, 1973, that a conference would be placed on May 7, 1973 to determine which applicants, if any, the board would interview.

The next board meeting was set for May 11th, 1973 in Billings Montana.

The meeting was adjourned at 11:45 A.M.

  
James E. Burke, Chairman

  
Alton P. Hendrickson  
Executive Secretary

## RETIREMENT BOARD MEETING

## Special Session

May 11, 1973

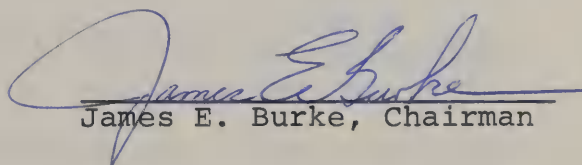
The special meeting of the Teachers' Retirement Board was called to order at 7:30 P.M. by chairman Burke at the Holiday Inn West, Billings and immediately placed in executive session for the purpose of appointing an executive secretary.

Those present were: James E. Burke  
Paul D. Caruso  
Dolores Colburg  
James N. Dennehy  
Lorence B. Simonsen

Mr. Blair Testin from St. Paul Minnesota and Mr. Owen L. Morris Jr., the present assistant executive secretary, were interviewed by the board.

Owen L. Morris Jr. was appointed executive secretary of the Teachers' Retirement System, effective May 15, 1973 at a salary of \$15,800 per year.

The meeting was adjourned at 11:00 P.M.



James E. Burke, Chairman



Alton P. Hendrickson  
Executive Secretary

## EXECUTIVE SECRETARY'S REPORT

August 9, 1973

Since late May, the activity in the office has increased to the usual summer pace. As usual when school recesses for the summer the number of teachers visiting the office for information or other reasons keeps everyone at their busiest.

We began calculating the new retirements about the middle of June as they were received. The new assistant executive secretary, Bob Johnson came to us 1/2 days the last week in June and full time July 1st. He and Marjorie Bourquin, who has been with us the past two summers, each checked my calculations. At the time I left for army reserve training July 5th, all of the retirement applications that had been received had been calculated and checked. Those applications that were received after the 5th were calculated by either Bob or Marjorie and checked by the other. When I returned to the office on July 23rd I rechecked those that had come in since the 5th.

The last seven working days in July were particularly hectic and we spent several 12 to 16 hour days preparing to have the increased benefits ready to mail on the 31st. Separating the children's survivor benefits and amounts paid from tax deferred annuity accounts together with mechanical breakdowns delayed the calculation of the increases, but the checks for all benefits, including the increases and new retirements were in the mail about 5:30 P.M. July 31st.

Ed Eve, our accountant has resigned as of August 2, 1973. We have hired Raymond Hoffman who has been the accountant and assistant business manager at the Pine Hills School in Miles City. Ray will join us on August 13th.

The entire staff has devoted many extra hours in the last two months and I am very proud to be associated with such a dedicated and loyal group.

## EXECUTIVE SECRETARY'S REPORT

March 30, 1973

The main activity since the last board meeting has been legislation affecting the Teachers' Retirement System. Overall, we feel it was a very successful legislative session. The main concern was House Bill Nos. 333 and 220. House Bill 333 would have combined the retirement systems and abolished the existing boards. This was successfully amended to exclude the Teachers' Retirement System. House Bill 220 was the only bill sponsored by the Teachers' Retirement Board and provided numerous changes in the retirement law. The benefit changes were approved; however, two amendments were acceded to:

1. The per deim for board members was increased from \$20 to \$25 instead of \$30 as proposed.
2. The one-quarter of 1% contribution increase was shared by the employer and employee rather than financed fully by the employer.

An intangible benefit arising from this legislative session was the rapport developed between the Teachers' Retirement System and the legislators. Many favorable comments were made regarding the consideration and judgment of the board in H.B. 220. It was felt that the changes will greatly improve the system at a relatively small cost. While we had to make a concession on the cost increase, I feel that it will allow easier passage on any future bills sponsored by the retirement board.

Joint Resolution #22 can have a long range affect upon the retirement system. This bill provides for a study of the state retirement systems. At this time, we feel that the study may conclude that all of the retirement systems should be combined under one administration. Because of the time and expense involved in this study, we feel that it is important that the results be as meaningful as possible; particularly, the study be conducted by an actuary who is independent of both the public employees and teachers retirement systems. Also, we feel that each of the systems should be approached for their comments and suggestions.



## EXECUTIVE SECRETARY'S REPORT cont.

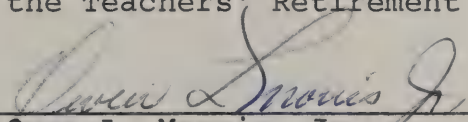
We have finally gotten complete and accurate records of our retirees placed on IBM cards. This was a great aid in sending tax information to these members. It will also assist in determining the increases provided for under H.B. 220. The computer can be used for this purpose.


Because of the time required during this legislative session, we have only conducted conferences with teachers in Billings and Great Falls. Because of several previous commitments which we were forced to break, we will be traveling more in the next month.

## Resolution No. 66

WHEREAS, Section 65-6206 (4), Revised Codes of Montana, 1947, required that, "The state treasurer is the custodian of the collected retirement system moneys and of the securities in which said moneys are invested. All expenditures from such moneys shall be made only upon claims signed by two (2) persons designated by the retirement board. A properly attested copy of a resolution of the retirement board designating such persons and bearing on its face specimen signatures of each person shall be filed with the state controller as his authority for approving such claims."

RESOLVED, that the Teachers' Retirement Board hereby designates Owen L. Morris, Jr., Executive Secretary, and F. Robert Johnson, Assistant Executive Secretary, whose signatures appear below, to sign all claims for expenditure of moneys on deposit with the State Treasurer for the account of the Teachers' Retirement System.

  
 Owen L. Morris, Jr.  
 Executive Secretary

  
 F. Robert Johnson  
 Asst. Executive Secretary

RESOLVED FURTHER, that a copy of this Resolution be filed with the State Controller as his authority for approving such claims.

  
 Chairman

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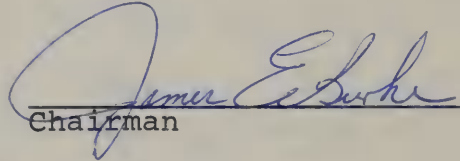
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## Resolution N. 67

BE IT RESOLVED THAT, Owen L. Morris, Jr., Executive Secretary, is hereby authorized and empowered to sell and assign any and all securities of any description now and hereafter owned by the Teachers' Retirement Board, Minnie S. Fullan Fund, and

RESOLVED FURTHER THAT, any and all assignments or sales of any such securities registered in the name of, or assigned to the Teachers' Retirement Board, Minnie S. Fullam Fund, hereafter made by the above named officer, are hereby ratified and confirmed.

  
Chairman

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## RETIREMENT BOARD MEETING

August 9, 1973

The meeting was called to order at 9:30 A.M. By Chairman Burke. Those present were:

James E. Burke  
Dolores Colburg  
James N. Dennehy  
Owen L. Morris Jr., Executive Secretary  
F. Robert Johnson, Asst. Executive Secretary  
Evelyn J. Burris, Secretary

Mr. Dennehy moved that the minutes of the last regular board meeting, March 30, 1973 and the two special meetings, April 7, 1973 and May 11, 1973 be approved by the board.

The financial report was the next item of business. Due to the resignation of the accountant, Ed Eve, the financial report for the month of June was unavailable, however, the reports for the months of April and May were reviewed and directed placed on file by Chairman Burke. Mr. Morris announced the hiring of Ray Hoffman, former assistant business manager and accountant for the Pine Hills School in Miles City as the new accountant for the Teachers' Retirement System.

The board next reviewed the executive secretary's report. Mr. Morris reviewed the activity that took place since the last board meeting. New retirements and withdrawals have kept the entire staff busy. Mr. Morris commented on the dedication of the staff and the harmony that surrounds the office.

Under old business the Dennis O. Espeland case was reviewed briefly, Mr. Morris said that notices have been sent to 32 people concerning the class action on the case by the attorney for the plaintiff.

Next was a discussion of actuarial services. After discussion of the services, Mr. Dennehy moved that Alton Hendrickson be retained to conduct an actuarial valuation for a fee of \$4800 and that he be paid \$17.50 per hour for additional consulting services up to a maximum of 100 hours. This motion was seconded by Mrs. Colburg and approved by the board.

The next item discussed was the opinion that was requested from the Attorney General as to the proper death benefit formula to be used for all deaths occurring after July 1, 1973. It was moved by Mrs. Colburg that the board accept the advice of the Attorney General in his letter of August 8, 1973 where he stated that members of the retirement system prior to July 1, 1973 are



entitled to survivor's benefits as provided for by the Teachers' Retirement Board before that date. Teachers who become members after July 1, 1973 will receive benefits set forth in section 75-6208 as amended. The motion was seconded by Mrs. Colburg and approved.

Under new business the organization of the retirement board was tabled until the next meeting so that all of the board members could be in attendance.

Mr. Dennehy moved that resolution numbers 66 and 67 be adopted. The motion was seconded by Mrs. Colburg.

The next item of new business was a discussion of the Board of Investment policies concerning investment of retirement system funds in common stocks. Mr. Morris presented a copy of the guidelines established by the Board of Investments which included an initial list of 30 stocks known as the approved list, from which the Investment Officer was to make the investments. Further, as an initial goal no more than 5% of any retirement fund will be invested in stocks for the period ending June 30, 1974.

The Executive Secretary requested clarification by the board regarding purchase of service while on leave. Mrs. Colburg moved and Mr. Dennehy seconded that anyone on leave shall be awarded up to two years creditable service, conditional upon his having been a member prior to his leave and upon completing 5 years of active membership in Montana subsequent to his return and upon payment of the required contributions plus interest. Motion carried.

After a discussion on the purchase of military service, it was decided that the statute was clear and that further action by the board was not required.

Mrs. Colburg and Mr. Dennehy suggested that the provision in the law stating "for employment" while on leave be deleted so that creditable service may be purchased for periods while on leave where a member returns to school to further his education.

The request of Wenona M. McConnell to purchase ten years of out-of-state service at this time following her retirement July 1, 1970 was discussed. It was unanimously decided that since Mrs. McConnell had been advised of the privilege of purchasing the out-of-state service prior to her retirement and had not done so, that she should not be allowed to purchase such credit at this time. The Executive Secretary was directed to notify Mrs. McConnell of the board's decision.

After careful review of the retirement and disability applications Mrs. Colburg moved that the following retirement and disability applications be approved. The motion was seconded by Mr. Dennehy and approved by the board. Mr. Burke suggested that Dwight Winenger be sent a statement of continued disability in 1 years time.

RETIREMENT BENEFITS

Elmer Andersen	258.21
O. Arnold Holt	68.36
Ruby M. Barker	552.60
Lillie R. Armstrong	150.22
Eleanor Kantola	216.31
Esther K. Leibrand	147.95
Maurine Clow	594.11
Maxine H. Roos	278.51
Eileen M. Erickson	331.94
Elsie Hallesy	219.97
Ruth Rollins	343.18
Ione Harris	51.75
Elva A. Cowan	106.51
Lucile Nelson	256.91
Gladys E. Sederholm	685.12
Merle H. Blinn	83.57
Alberta R. Romine	352.54
Mildred M. Feaster	334.60
Consuelo B. Lockie	162.56
Hallie M. Jenkins	97.76
Bertha V. Johnston	433.75
Natalie Ellis	178.12
Ernest R. Everingham	90.37
Jane Fabrick	494.00
Irene C. Hirning	77.52
Mary Bell Hoppel	275.44
Louise B. Hunt	407.91
Vera Johnson	439.88
Margaret S. Kaiser	180.72
Evelyn J. Keating	334.79
Charles B. Murray	320.56
Josie Madden	693.32
Margaret A. Mahoney	225.56
Dorothy K. MacDonald	287.59
Lois Magar	185.37
Marguerite E. Mann	125.47
Leota I. Mariner	254.61
Helen Weborg Martin	419.80
Madge Martin	350.38
Nellie C. Matovich	309.10
Alice L. Maxwell	149.28
Margaret M. McKinnie	49.21
Helen K. Micka	515.59
Max Klimper	270.16
Phyllis M. Knudsen	378.97
Lois B. Knudson	260.86
Nanalyn Koetitz	314.21
Mary Kron	417.02
Mildred E. Lavell	100.85
Alice G. Lloyd	319.14
Garthat A. Lyken	488.43
Duane R. Taft	744.52
Marjorie P. Thornwall	201.08
Viola G. Wehr	428.63

Dorothy Willimas	100.06
Margaret R. Williams	433.75
Ruth F. Zollinger	77.32
Lyalus L. Mikkelson	184.96
Gwendolyn M. Mitchell	623.57
Tillie C. Morrison	193.32
Merwin M. Moores	148.18
Gladys Moseley	290.74
Ruth E. Brown	270.37
Beatrice E. Burton	291.86
Dorothy Carey	144.50
Mabel E. Carney	299.24
Aslaug Clark	366.27
Marguerite Commings	311.68
Zita Murphy	208.07
Theodore J. Patek	404.28
Ellen Peterson	290.03
Eva Rea Peterson	306.46
Clara M. Phelan	438.21
Lois L. Rash	293.32
Minnie Lou Reeves	152.70
Dorothy K. Reichman	186.81
Margaret H. Reynolds	363.78
Genevieve E. Robinson	443.33
Sylvia Reep Sanders	354.46
J. Irene Crump	114.43
Emma Dawson	289.35
Marie A. Desrosiers	231.67
Mona Doman	214.35
Lena B. Duncan	398.74
Margaret K. Dawson	286.13
Charlotte A. Anderson	201.94
LaVerne Bergland	247.41
Berniece L. Bostrum	379.67
Marie Brooks	351.83
Mary B. Ferguson	212.09
Jeanette C. Folsom	436.20
Genevieve K. Mullally	448.23
Jessie L. Neidt	257.76
Elizabeth E. Nelson	237.43
Frances M. Paddock	285.48
Selma D. Pahrman	284.22
Elma Epstein	433.75
Dorothy Conlon	234.36
Margaret B. Croisettier	425.26
Nellie E. Cronin	556.73
John E. Adams	241.91
Alice O. Allison	414.42
Verna L. Wickham	246.63
Emma H. Brisco	417.64
Olga Wik Erickson	438.74
Rose G. Hart	345.95
Alice B. Taft	408.55
Mary Lee Tower	837.46
Zella Trafelet	147.70

Thelma B. Turner	318.66
Hazel I. Walch	338.84
Elizabeth H. Wick	636.13
Margaret Fornall	284.99
Claude C. Foster	102.55
Dorothy L. Forsyth	132.44
Theresa Franz	256.80
Edith Goke	217.14
Frances Forgy	480.19
Neoma I. Hall	207.51
William J. Erickson	572.75
Gladys S. Lympus	312.03
Madeline McClellan	187.36
Mary McDorney	298.63
Thelma McFarlin	150.11
Gladys M. McLarnon	301.50
Matilda E. Hayden	224.94
Mary B. Harstad	377.82
Mary Louise Hilden	81.46
Agnes E. Hopke	200.71
Willa Price Huckins	203.90
Mabel Huether	450.35
Amber J. Hunt	197.30
Alice Jacobs	51.17
Mary Moses	315.87
Muriel Ralph	628.45
Ethel Parker	134.49
Edith Sekora	254.01
Frances M. Senska	686.47
Catherine N. Sheehy	92.71
Rita D. Shute	382.29
Alice M. Simpson	359.84
Lucy M. Smith	509.06
Jean L. Soldowski	446.09
Virginia L. Speck	588.22
Harriet A. Stephens	221.63
E.H. Sticht	584.45
Edith Freeman	409.95
Thea W. Stolem	407.27
Susan Hand	306.27
Irene C. Norem	346.82
Lela R. Robbins	358.11
Oscar L. Alm	564.09
Elmer John Albrecht	481.17
Martha S. Anderson	236.36
Basil C. Ashcraft	572.76
Marian C. Berg	200.78
Donald D. Blair	449.22
Margaret Blair	807.52
Esther L. Boe	235.85
William A. Boe	166.30
Floyd L. Bond	256.98
Rhoda E. Bruce	161.13
Clifford I. Carlson	458.55
Kenneth W. Christison	420.81
Cyril H. Conrad	802.84
David J. Davis	574.34



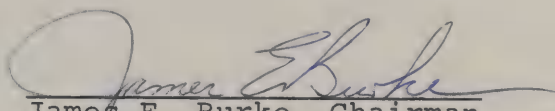
Goodwin V. Erickson	706.17
S.V. Frohlicher	99.40
George H. Gloege	657.10
C. Ben Herron	323.83
Ann R. Hewett	817.97
N.T. Habruchak	416.37
Dorothy E. Hutchinson	385.97
Ormonde I. Jackson	397.80
Mark Jennings	622.89
W. Clifford Laity	658.96
William W. Lessley	174.49
Owen A. Loftsgaarden	415.71
Earl C. Lory	706.74
Robert E. Lowney	705.19
Winifred A. Luckey	184.41
Marcia L. Luthje	224.67
David O. McKee	341.06
Helen McLaughlin	230.83
Harry F. Mikelson	766.17
Margaret K. Miller	116.85
Bernard D. Myers	525.70
Mayfie S. Nelson	381.20
Myrtle Olsen	210.34
Olive A. Owens	634.81
John A. Peterson	531.99
Katherine E. Pike	284.11
Noel P. Rigby	681.15
Oliver Rock	223.55
Mary Sward	342.99
Pansy Schroeder	82.25
Vernon O. Sletten	100.00
E. Edgar Taylor	258.50
Gladys R. Taylor	238.82
Layton S. Thompson	717.56
Earl V. Weiser	426.23
Chris Wilson	358.49
Robert F. Wilson	508.58
Leonard Wollan	792.44
Max Worthinton	798.70
Dena Wulf	191.59
Toivo J. Ylinen	315.10
Reuben Zieg	611.20
Clifton White	318.54
Eva Boe	135.09
Cecilia Klofstad	106.28
Helen B. Murray	118.75
James M. Tindall	348.76
Ralph I. Smith	537.18
Viola D. Olson	378.00
Irene A. Corbett	188.65
Francis I. Romo	450.75
Melvin Monson	256.53

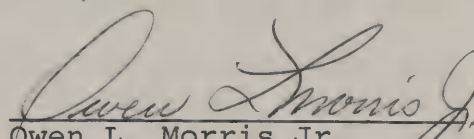
Application For Disability

Marian L. Anhalt	352.19
Marga Hosaeus	633.78
Louis Karhi	227.30
Katherine C. McKittrick	207.40
Richard L. Smith	117.83
Robert D. Schwartz	341.21
Dwight I. Winenger	239.31
Rosalie L. Wright	372.25

The motion was made by Mr. Dennehy that the Executive Secretary and the Assistant Executive Secretary and any board member who would like to attend the National Council on Teacher Retirement, which will take place in Puerto Rico, may attend. The motion was seconded by Delores Colburg and approved by the board. This meeting will be from September 30, 1973 to October 7, 1973.

The meeting was adjourned upon proper motion and the next board meeting was tentatively scheduled for October 19, 1973.

  
James E. Burke, Chairman

  
Owen L. Morris Jr.  
Executive Secretary

## EXECUTIVE SECRETARY'S REPORT

October 26, 1973

In past years the pace in the office has appeared to subside during the latter part of August and throughout September and October. This is not the case this year.

We have been assembling our data for the actuary to conduct his valuation of the system. This requires running all of the member ledgers through our machine to produce a punch card containing member data. Down time on the machine has run about 40% the last two weeks in September and so far this month. We have it running now and hope to have all data ready by the end of the month.

We did hire a girl, Judy Nivens, to work evenings so as not to interrupt the day to day requirements for posting.

Ray Hoffman, who was hired as our accountant was offered a much higher paying position with the Department of Administration and left us October 5th. We were sorry to lose Ray. He was well qualified and did a fine job for us.

We were fortunate in being able to hire Mike Holland who has been the assistant accountant for PERS. Mike came to work October 9th and we feel that he will be an asset to our staff.

Margaret Savage, our records clerk resigned and Diana Weeks was hired to fill that position.

Jim Burke, Jim Dennehy, Bob Johnson and myself attended the National Council on Teacher Retirement in San Juan, Puerto Rico September 30th through October 6th. One session of particular interest was devoted to a discussion of converting retirement system records to a completely computerized system. A presentation was made by Mr. Anthony Mandolini, a C.P.A. from Chicago, a noted authority in this field. It was interesting to note that the procedures and controls that we have discussed with the State Data Processing Bureau parallel the recommendations made by Mr. Mandolini.

Another session of particular interest dealt with problems of funding and with the assumptions used in an actuarial valuation. Most states were of the opinion that both the interest earnings assumption and projected earnings have generally been understated.

There was a workshop for board members and trustees and several sessions devoted to economics and investments. Jim Howeth and Paul Caruso attended the conference as representatives of the Board of Investments.

Bob Johnson and I will be attending the M.E.A. conventions and the M.F.T. convention, October 18 and 19th. On the 18th Bob will be in Billings and I will be in Missoula. Jim Burke is scheduled to address the M.F.T. convention Thursday morning in Missoula. Both Bob and myself will be in Great Falls, for the M.E.A. meeting on Friday, October 19th.



## RETIREMENT BOARD MEETING

October 26, 1973

The meeting was called to order at 9:00 A.M. by chairman Burke. Those present were:

James E. Burke  
James N. Dennehy  
Lorence B. Simonsen  
Owen L. Morris Jr., Executive Secretary  
F. Robert Johnson, Asst. Executive Secretary  
Evelyn J. Burris, Secretary

Mr. Dennehy moved that the minutes of the last meeting held August 9, 1973 be approved. The motion was seconded by Dr. Simonsen and approved by the board.

The board next reviewed the Executive Secretary's report which was ordered placed on file.

Mr. Morris announced the hiring of Mike Holland as the new accountant for the Teachers' Retirement System. Mr. Holland has been the assistant accountant for the Public Employees' Retirement System. Mr. Ray Hoffman left us on October 5, 1973 for a position with the Department of Administration.

The financial reports for the months of June, July and August were then reviewed by the board and directed placed on file by chairman Burke. Mr. Morris reported that an annual report for the board of investments is currently being prepared and will be distributed to the board as soon as it is received. Mr. Morris also reported that he had discussed the matter of servicing agreements for mortgage servicers with Mr. Howeth, the state investment officer, and that a check would be made to assure that servicing agreements were negotiated with any servicer from whom mortgages were purchased.

Chairman Burke asked if any further plans had been made for the disposition of the Minnie Fullam fund. It was noted that the original bequest had indicated that although the funds could be used at the discretion of the board it was suggested that a possible use might be the financing of a retired teachers home or some other plan whereby the money could be used for the benefit of retired teachers. Mr. Morris was directed to contact the Montana Federation of Teachers and the Montana Education Association to determine their views on the expenditure of these funds.

The next item of business was the reorganization of the retirement board. Dr. Simonsen then nominated Mr. Dennehy for chairman of the board which was seconded by Mr. Dennehy. Mr. Dennehy then nominated Dr. Simonsen for Vice President which was seconded by Dr. Simonsen. Both motions were approved.

Upon his appointment as chairman of the board, Mr. Dennehy stated that he hoped to continue the rapport between the administration and the board and that he hoped to run it as adequately and diplomatically as chairman Burke.

The next item under old business was a discussion of the Dennis O. Espeland case. It was noted that the final judgment had not been received from the court and Dr. Simonsen moved that further consideration of this matter be tabled. Mr. Burke seconded the motion which was approved.

A progress report of the actuarial valuation was next considered. Mr. Morris stated that all of the data should be ready for the actuary by the end of the month. Dr. Simonsen then moved that the executive secretary be directed to notify the actuary, Mr. Hendrickson, of the board's desire to have the valuation completed by December 1, 1973. Mr. Burke seconded the motion which was approved. During the discussion of the actuarial valuation Mr. Morris commented on the amount of down time on our computer which made the task of assembling the data for the valuation very difficult. It was noted that the down time on the computer has run about 40% during the last month. Dr. Simonsen then moved that the executive secretary be authorized to use his own judgment in maintaining the necessary continuity in the event of a total break down of the computer. The motion was seconded by Mr. Burke and approved by the board.

Mr. Morris then distributed copies of a proposal from the Data Processing Bureau for the development and conversion of the Teachers' Retirement records from the present Burroughs E-6000 to the state computer. The total cost for development and programming for both the Teachers' Retirement System and the Public Employees' Retirement System was \$27,923. It was proposed that this cost be shared equally by the two systems. It was pointed out that the present Burroughs E-6000 no longer has the capability to adequately maintain the records of the Teachers' Retirement System and further that it does not have the capacity to make readily available all of the data needed for an actuarial valuation. Further, the mechanical problems experienced in the past year and the amount of down time involved made it necessary for us to convert to a different system. Mr. Morris pointed out that the current budget was not adequate to pay for the additional cost for development and conversion to the state computer. It was moved by Mr. Burke and seconded by Dr. Simonsen that the executive secretary be given the authority to submit a budget amendment to cover the additional costs. This motion was approved by the board.

Dr. Simonsen next noted that he had previously suggested that the executive secretary pursue the possibility of the state retaining an actuary to provide actuarial services to all state agencies. Mr. Morris stated that he had proposed this idea to the Department of Administration, the Public Employees' Retirement System and the State Auditor but that none of the three agencies were receptive. Dr. Simonsen then moved that the executive secretary be directed to write the Governor suggesting that the state hire an actuary to service all agencies. This motion was seconded by Mr. Burke and approved by the board.

Under new business, the first item to be discussed was the establishment of the interest credit rates. The executive secretary stated that the yield for the fiscal year ending June 30, 1973 was 6.31%. Mr. Morris recommended that after deducting the amount spent for administration of the system a true interest earning rate of 6.25% would be realistic and should be used for purposes of the actuarial valuation. He further recommended that an interest crediting rate of 6% for tax deferred accounts be established and that the crediting rate for active accounts remain at 5 1/2%. The reason for crediting 5 1/2% to active accounts was that the retirement benefits are not dependent upon the interest rate credited and that since we do now charge members interest on the repayment of withdrawals and the purchase of certain service that a constant interest rate should be maintained. After discussion Mr. Burke moved that an interest crediting rate of 5 1/2% be established for active accounts, 6% established for tax deferred accounts and 6.25% be used for the actuarial valuation. The motion was seconded by Dr. Simonsen and approved by the board.

The executive secretary next reported that the sub-committee on state administration to consider retirement system funding would be held Monday, October 29th and that he would attend the meeting. According to information received from the legislative counsel, the meeting would be devoted only to consideration of the funding of the systems presently under the Public Employees' Retirement System.

Dr. Simonsen asked whether the board intended to propose any legislation during the forthcoming session. Mr. Morris suggested that as soon as the actuarial valuation was completed and the information obtained from the actuary regarding the cost of various proposals to change the retirement formula were received that the board meet with the representatives of the various teacher organizations to discuss any legislation that might be proposed.

After careful consideration and review of the retirement and disability applications Mr. Burke moved that the following applications be approved. Dr. Simonsen seconded the motion which was approved by the board.



## APPLICATIONS FOR RETIREMENT

October 26, 1973

NAME	AMOUNT
Madeline Baker	\$468.20
Velma K. Bartlett	202.29
Barbara R. Coleman	223.57
Dr. Maurine Clow	278.51
John E. Donaldson	143.79
Grace B. Doughty	143.84
Caroline B. Jacobs	272.58
Martha H. Olsen	272.13
Clotilde R. Oudin	112.93
Alma C. Palmer	258.69
Cary A. Sheidecker	154.64
Elmer Swanson	350.42
Grace A. Davis	130.65
Margaret L. Kelim	225.33
Maude C. Nelson	130.89
Lucille Ohnstad	170.24
Helen E. Stenseth	361.97
Frances Telken	56.92
Edmund T. Anderson	520.14
Tilney W. Erhardt	336.57
Leon F. Anderson	478.49
Marie K. Ellsworth	205.02
Alta M. Foss	127.09
Elenor E. Gustafson	165.95
Margaret Guthrie	220.50
Marie D. McIntyre	191.63
Edna M. Miller	90.84
Elizabeth Murphy	68.35
Clara L. Sabrowski	84.25
Winston W. Wetzel	351.39
Mona A. Williamson	457.36
Arden M. Vie	150.36
Hans Wischmann	220.53

## Survivor

Brooke Corr	12.26
David Corr	12.16
James Corr	100.00
Thomas J. Dillon	211.51
Beverly D. Lininger	135.80
David A. Lininger	50.00
Gary P. Lininger	50.00
Christie Jo. Lininger	50.00
Carolyn J. Simpson	50.00
Glenn A. Simpson	50.00
Robert Simpson	50.00
Jean K. Simpson	94.05



Survivor Benfits Cont.  
Margaret Pidroni  
Merry R. Proefrock  
Marie D. Carlson  
Catherine C. McKittrick

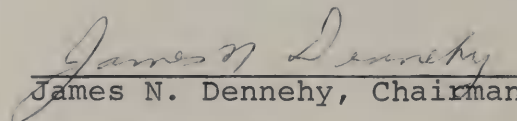
Amount  
241.51  
50.18  
117.14  
207.40

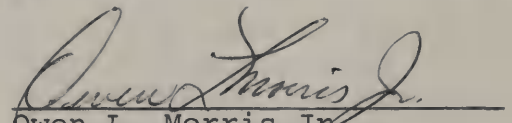
Disability

Charles A. Brennan  
George Aubert  
Dorothy J. Murphy  
Opal E. Smotherman  
June M. Rauvola

The application for disability retirement for Wilma Morlock and Robert E. Singer were not approved at this time because of lack of required information.

The meeting was adjourned upon proper motion and approval of the board.

  
James N. Dennehy, Chairman

  
Owen L. Morris Jr.  
Executive Secretary

## SPECIAL MEETING

November 9, 1973

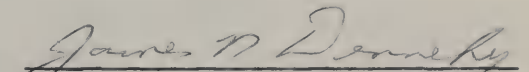
On November 9, 1973 at 4:00 P.M. a special meeting by conference telephone was called. Those participating were:

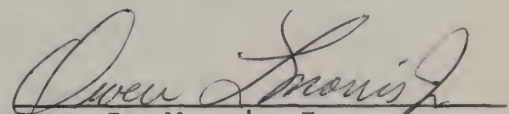
James N. Dennehy, Chairman  
Paul D. Caruso  
Lorence B. Simonsen  
Owen L. Morris Jr., Executive Secretary  
Dennis B. Lind, Asst. Attorney General

Mr. Dennis Lind reported that as a result of the final judgment in the Dennis O. Espeland case wherein the plaintiff's motion for Summary Judgment was granted, the system was ordered to refund overpayments to those participating in the class action, less a proportionate amount for the plaintiff's attorney fees, and to any other member who has paid for out-of-state service and who submits a claim for overpayment to the system. Mr. Lind further stated that in his opinion, it would be difficult to obtain a reversal of the district court judgment and advised that it not be appealed. Mr. Caruso moved to not appeal the judgment. The motion was seconded by Dr. Simonsen and approved.

The Executive Secretary then asked for advice regarding the cost of out-of-state service at this time. It was moved by Dr. Simonsen, seconded by Mr. Caruso, that effective immediately, any member who has not already purchased out-of-state service must pay 5% of his first full year's teaching salary in Montana following the out-of-state service, for each year purchased. The motion was approved by the board.

The meeting was adjourned upon proper motion.

  
James N. Dennehy, Chairman

  
Owen L. Morris Jr.  
Executive Secretary

## EXECUTIVE SECRETARY'S REPORT

December 14, 1973

On October 29, 1973 a meeting of the sub-committee on State Administration was held which Bob Johnson and I attended. The purpose of the meeting was to discuss the funding of the various law enforcement and hazardous duty retirement systems administered by the Public Employees' Retirement System. The meeting recessed at 10:30 A.M. at which time Senator James, chairman, informed us that there would be no discussion regarding the Teachers' Retirement System and that we could be excused.

After several breakdowns on both the E-6000 and the key-punch, the active member data was given to the actuary on November 7th. The retired lives data was not made available to him until the day after Thanksgiving.

On November 1st, Mary Andridge was hired to fill the position of administrative aid that has been vacant since Mrs. Steen left us last April. Mrs. Andridge is a recent graduate of Carroll College and has rapidly learned the workings of the system. She has been placed in charge of maintaining the retired payroll. In addition, she is preparing the information required by Internal Revenue Service concerning the amount of interest paid upon withdrawals since July 1st.

We have had several meetings with the various teachers organizations within the past few weeks. We have advised them that when the information is received from the actuary regarding costs of various proposed changes in the retirement law that they would be invited to meet with the board to discuss any legislation that might be proposed.

The correspondence load and the number of visitors has decreased considerably the past few weeks and has allowed us time to attend to tasks that have been neglected for some time. Mike Holland and Mary Andridge have reworked the files and removed those which could be placed in storage in the basement. The new member records are now current and, barring machine breakdown, the posting should be up to date by the first of the year.

We have had further meetings with the data processing bureau and they expect to begin the programming for conversion to the state computer within a few days.

The new information handbook has been drafted and is presently being typed in camera ready copy. It should be distributed to all members sometime in January.

## RETIREMENT BOARD MEETING

December 14, 1973

The meeting was called to order at 9:00 A.M. By Chairman James Dennehy. Those present were:

James N. Dennehy  
James E. Burke  
Dolores Colburg  
J. William Kearns Jr.  
Owen L. Morris Jr., Executive Secretary  
F. Robert Johnson, Asst. Executive Secretary

Mr. Doyle Saxby, Director of the Department of Administration had requested a meeting with the board. Mr. Saxby explained that the Department of Administration was not attempting to revive House Bill No. 333 which would combine the Administration of all State Retirement Systems under one board. Mr. Saxby stated that the previous position of the Department of Administration was that in their opinion, House Bill No. 333 would administratively improve the operation of the systems and to reduce administrative costs. It was his opinion that House Bill No. 333 would be advantageous and he personally was in favor of the bill, however, he advised that no testimony would be offered by the Department of Administration during this session.

Mrs. Colburg commented that there was more to the bill than just the centralization issue. She stated that the board has always been mindful of the most effective and efficient operating practices and if House Bill No. 333 were passed there would be only one board for all of the retirement systems with one representative for the teachers and further that hand in hand was the real emasculation of the governing authority of the Teachers' Retirement System. This was the basis for the opposition of the Teachers' Retirement Board and other groups such as the M.E.A. and the M.F.T. and the Retired Teachers Association.

The board thanked Mr. Saxby for his comments and he was then excused from the meeting.

The next item of business was the approval of the minutes of the meeting October 26, 1973 and the special meeting November 9, 1973. A motion by Mr. Burke that the minutes be approved, which was seconded by Mrs. Colburg, was approved.



The board next considered the Actuarial Valuation conducted by Alton P. Hendrickson, Actuary. Mr. Hendrickson stated that the purpose of the valuation was to determine the position of the fund, the normal cost, the unfunded accrued liability based on present and prospective assets and liabilities of the system for the fiscal year beginning July 1, 1973. Mr. Hendrickson noted that in order to maintain the system on an actuarially sound basis the total rate of contributions should be sufficient to meet normal operating costs in addition to making some progress towards the amortization of the unfunded accrued liability.

The conclusion of the valuation is that the Montana Teachers' Retirement System is funded on an actuarially sound basis. The contribution of  $10 \frac{3}{8}\%$  (employer rate of  $5 \frac{1}{4}\%$ ; employee rate of  $5 \frac{1}{8}\%$ ) is sufficient to fund the normal costs and provide for amortization of the unfunded accrued liability over a period of 41 years.

The previous valuation of June 30, 1971 determined the amortization period to be 68.4 years. The largest factor in reducing the period to 41 years was a change in the interest assumption from  $5 \frac{1}{2}\%$  to  $6 \frac{1}{4}\%$  at the recommendation of the Teachers' Retirement Board.

The Board further discussed the assumptions used by Mr. Hendrickson in his valuation following which Mr. Burke moved that the valuation be accepted. The motion was seconded by Mr. Kearns and approved by the board.

The board next reviewed the Executive Secretary's report which was ordered placed on file by chairman Dennehy upon motion by Mrs. Colburg and second by Mr. Kearns.

The financial reports for the months of September, October and November were reviewed by the board and ordered placed on record for future reference.

Under old business the board considered the request for purchase of service while on leave by Hallie and Amy Stephens from 1937 to 1939. Upon a motion by Mr. Burke which was seconded by Mrs. Colburg, the board ruled that since they were members of the old Teachers' Retirement System which was abolished and superseded by the present system in September of 1937 that they satisfied the requirements of the law providing for purchase of service while on leave.

Under new business the board considered a request from the Board of Administration, Public Employees' Retirement System that after January 1, 1974 all transfer of service credits between the systems under Section 68-2511, RCM 1947 shall be implemented by transferring with the service credit all employer and employee contributions pertaining thereto plus the accrued interest upon the employee contributions. This proposal was approved by the board upon a motion by Mr. Burke and second by Mr. Kearns.

The next item discussed under new business was the scheduled meetings with representatives of the various teacher organizations which was to be held at 1:30 P.M. December 14, 1973. It was the consensus of the board that there would not be sufficient time to prepare proper legislation to change retirement benefits for the forthcoming legislative session and further, that since any liberalization of the benefits would undoubtedly require additional contributions the attitude of the legislature would probably not be favorable to such legislation.

The next item considered by the board was a letter from Mr. William L. Coyle, manager, real estate department, Montana Bank, Great Falls Montana, in which he stated certain facts regarding a 6 month delinquent mortgage owned by the Teachers' Retirement System and serviced by that bank. The mortgage was 6 months in arrears and Mr. Coyle suggested the possibility of recasting the loan rather than foreclose the mortgage. Mr. Morris suggested that the board offer to recast the mortgage for an additional 6 month period provided that interest due in the amount of \$217.68 be paid as well as the delinquent taxes due November 30, 1973 and that the mortgage be kept current. He further suggested that any future delinquents would result in immediate foreclosure. Mr. Kearns moved that this offer be made by the Teachers' Retirement Board which was second by Mrs. Colburg and approved.

After careful consideration and review of the retirement and disability applications Mr. Burke moved that the following applications be approved. Mrs. Colburg second the motion which was approved by the board.

## APPLICATION FOR RETIREMENT

December 14, 1973

Name	Amount
Gretna L. Bodner	\$123.66
Raymond E. Brown	56.13
Frances I. Davis	387.91
Dorothy L. Foster	144.24
Alma M. Hadford	100.60
Byron S. Fuller	430.06
Ellsworth Hastings	677.57
Alyne Huckins	187.86
Cora M. Hiebert	158.66
Ruth H. Leeper	285.20
Alzo M. Howell	378.56
Martha N. Olson	272.13
Margaret L. Lundberg	257.32
Lloyd Patrick	54.38
Harold G. Meyer	245.15
Henry T. Rogers	66.45
Ellamae P. Safford	71.29
Willard J. Smith	94.36
Laura D. Steele	286.83
E. Dorothy Stoltz	52.71
Esther P. Sprattler	66.85

## Disabilities

Adolph Bauski  
Emma Oella Conkling  
Edna Mae Miller  
Wilma Irene Morlock  
Robert E. Singer  
Norma L. Zikmund

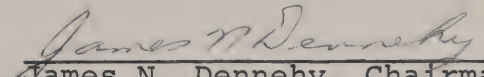
## Survivors


Sandra Bartel	\$46.52
Terrilee Brimacomb	43.98
Phyllis I. Grue	50.00
Robertta J. O'Dell	354.23
Kathleen R. O'Dell	50.00
Mary T. O'Dell	50.00
Patrick M. O'Dell	50.00
Sean W. O'Dell	50.00
Timothy J. O'Dell	50.00

Mr. Kearns asked to what extent the members of the Teachers' Retirement Board were individually liable for their actions while acting as members of the board. After some discussion, the chairman directed the Executive Secretary contact the Attorney General for his opinion in this matter and to further ascertain the coverage for members of the board under the blanket liability policy for the State of Montana.

Mr. Burke moved that the next meeting of the Teachers' Retirement Board be tentatively scheduled for March 22, 1974 subject to call by the chairman. The motion was seconded by Mr. Kearns and approved by the board.

The meeting was adjourned upon proper motion by Mrs. Colburg and second by Mr. Kearns.

  
James N. Dennehy, Chairman

  
Owen L. Morris Jr.  
Executive Secretary



## EXECUTIVE SECRETARY'S REPORT

March 30, 1974

At 1:30 P.M. December 14, 1973, a meeting was held with representatives of the various teacher organizations. Jime Burke, Bill Kearns, Owen Morris and Bob Johnson represented the Teachers' Retirement System.

Others in attendance were:

Milton Negus, Bozeman	M.A.S.A.
Kedric Flint, Cut Bank	M.E.A.
Carroll Eliason, Billings	M.E.A.
Carroll Lorang, Great Falls	M.E.A.
Vernon Griffiths, Butte	U.B.C.
George Heliker, Missoula	U.B.C.
Earl Sager, Anaconda	M.F.T.
Leroy Corbin, Butte	M.F.T.
D.D. Cooper, Helena	M.E.A.
Jim McGarvey, Butte	M.F.T.

The various possible changes in the retirement law were discussed together with the related increases in contributions as prepared by the Actuary.

It was the consensus of those present that it would be desirable to provide for an automatic cost of living adjustment to retirees and a change in the benefit formula from 1/70 to 1/60 of average final salary for each year of service at age 60 or at any age with 30 years of service accompanied by an increase of 1% in both the employer and employee contribution.

It was further agreed that any legislation would be prepared for the 1975 legislative session.

The staff has been busy with year end business such as preparing Forms W-2P to retirees, Forms 1099 to those who received interest on withdrawals, the "13th" check for tax deferred annuity accounts and answering questions regarding taxation of retirement benefits.

We have had several meetings with the Data Processing Bureau regarding conversion to the state computer. Progress is slower than anticipated due to other priority requirements within Data Processing and some problems in coordinating similar programs between our system and P.E.R.S.

In December Bob Johnson and I met with teachers in the Billings Public Schools on an appointment basis followed by a group meeting for a general presentation. We have also talked to several local M.E.A. units and to chapters of the Retired Teachers Association.

We have mailed a request to all disability retirees under 60 years of age to determine their income and present status of disability in accordance with Sec. 75-6208. The replies are due by the end of March.

We have also written to the various teacher retirement systems throughout the country requesting copies of their application for disability and the accompanying medical report in order to revise our attending physician's statement and application.

We have received a copy of the report of the State Board of Investments for the year ending June 30, 1973. The earnings for the Teachers' Retirement System were the highest of all the funds. The report also shows our investment portfolio as of June 30, 1973.

## RETIREMENT BOARD MEETING

March 30, 1974

The meeting was called to order at 9:30 A.M. By Chairman Dennehy. Those present were:

James N. Dennehy, Chairman  
James E. Burke  
J. William Kearns Jr.  
Lorence B. Simonsen

The minutes of the meeting held December 14, 1973 were approved by the board upon a motion by Mr. Burke and second by Mr. Kearns.

The board next reviewed the Executive Secretary's report and the financial reports as prepared by the accountant. The reports were ordered to be placed on file for future reference by Chairman Dennehy.

The board then discussed proposed changes in the retirement law. After thorough consideration and discussion Dr. Simonsen moved that the board support changing the retirement formula from 1/70 to 1/60 of average final salary for each year of service at age 60 or at any age with 30 or more years of service and to increase the employer and employee contributions 1% each. The motion was second by Mr. Kearns and approved by the board.

The board also discussed the possibility of providing for an automatic cost of living increase for retired members and also changing the reduction for early retirement from 1/2% to 1/4% for each month that the retirement date prededes age 60. Mr. Simonsen moved that the cost of living increase be tabled pending further study by the Executive Secretary and the Actuary and that the reduction for early retirement remain as is. The motion was seconded by Mr. Kearns and approved by the board. The Executive Secretary was directed to report to the board with recommendations for a cost of living increase for retired members upon completion of the study.

Under new business the board next reviewed the applications for retirement and disability. After thorough consideration and discussion, Mr. Burke moved that the following applications be approved, second by Dr. Simonsen. The motion was approved by the board.

## APPLICATION FOR RETIREMENT

March 30, 1974

Name	Amount
Claire G. Balliet	\$377.03
George J. Bechtold	62.90
Thelma Benscoter	38.58
Elizabeth J. Berg	42.41
Verner L. Bertelsen	80.05
Ruth K. Brennan	117.59
Mildred L. Cheney	157.46
Mildred S. Christian	178.18
Harriet F. Cole	413.71
Guri Cook	77.20
George D. Craig	237.14
Alva E. Flower	596.22
Rose M. Goss	33.09
Marjoria L. Griffith	269.22
Alvin S. Guthrie	55.00
Claire A. Hillstrom	134.60
Helen J. Hodges	119.79
Blanche M. Jankin	80.40
Derwin J. Jeffries	70.14
Rosalinda Kirby	116.47
Elisabeth B. Kliever	102.73
Florence Kolar	66.58
Lawrence B. Lackey	49.02
Frances L. Lawrence	150.65
Elizabeth W. Little	193.15
Frances M. Lokken	116.70
Irene M. Lynch	89.57
Mae V. McIntire	142.62
Arline McKee	269.45
Anne Malloy	636.67
Florence D. Martin	35.64
Lilly S. Martin	129.54
Frances H. Middlemist	88.78
Helen M. Perey	290.36
Eloise H. Pike	105.48
Irene T. Roberts	122.11
Nellie Neta Smith	320.52
Aida Soward	118.57
Gladys L. Stermitz	254.81
C. Orlan Strom	151.20
Stella A. Tibor	31.37
Lenore C. VanSant	76.97



## Disabilities

Fay S. Julian  
Ednamae Miller

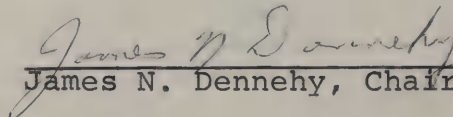
## Survivors

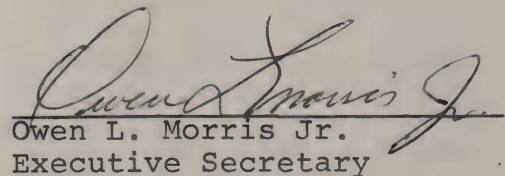
## Amount

Henrietta Y. Buck	\$547.86
Bernice C. Hefty	175.00
Dan G. Kretzer	96.41
Helen E. Lund	50.00
Karen C. McMannis	50.00
Linda L. McMannis	50.00
Robert J. McMannis	50.00
Barbara Richardson	86.72
Martha J. Ruffatto	396.31
Mitzie J. Ruffatto	50.00
Scot D. Ruffatto	50.00

Mr. Kearns moved that the next meeting be tentatively scheduled for August 9. 1974 in Billings, however, if a meeting should be required prior to that time, that it ~~is~~ to be called by the Chairman. The motion was seconded by Mr. Burke and approved.

The meeting was adjourned upon a motion by Dr. Simonsen and second by Mr. Kearns.

  
James N. Dennehy, Chairman

  
Owen L. Morris Jr.  
Executive Secretary

## EXECUTIVE SECRETARY'S REPORT

June 14, 1974

Senate Bill 441 provided for a Personnel Classification Plan and Wage and Salary Plan, the purpose of which is to establish equal pay for equal jobs within the State of Montana. This plan is to be administered by the Personnel Bureau, Department of Administration. Implementation is to take place in two steps, the first being the position classification, to be finalized in October and the second, the wage and salary plan to be submitted to the 1975 legislature. The entire staff has attended meetings on this classification and late in May we received preliminary classifications partly based on a position description questionnaire completed by each employee and their supervisor. In reviewing these classifications we found the intent of the law was not closely adhered to, but rather in many cases the salary now paid the employee was used in placing the employee in a category of the proposed wage scale. We recommended several changes in classifications as well as job titles and submitted these to Doyle Saxby, Director Department of Administration for his review and later by the Personnel Bureau. We hope the input provided will result in a fair and objective rating of our staff.

Senate Bill 373, a carry over bill from the 1972 session provided for a statewide health insurance. A committee was selected to arrive at specifications and then submit these specifications to various companies for bid. M.P.S. was selected as the health insurance carrier and Occidental Life the life insurance carrier. Employees of the various departments were then given the right to vote on this plan with approval pending upon 2/3rds majority in each department. In some instances the plan did result in a lowering of premium costs and did provide broader coverage than our Blue Cross plan.

In April, Bob Johnson and I met with teachers of the Missoula and Kalispell schools on an individual basis. In May we visited faculty members of Montana State University on an appointment basis.

Some progress has been made in our conversion to the state computer and we hope to have the record keeping information for our retired members fully converted by July 1st. Accounting for our active members will take some additional time and hopefully, by September 1st, the majority of information will be processed to get rolling on this activity.

We have been experiencing constant down-time with our computer equipment, particularly the printer, which has resulted in a backlog of posting. Unfortunately, this is a critical period with the coming of the fiscal year-end activity and we need this equipment running in order to maintain some sort of schedule.

## RETIREMENT BOARD MEETING

June 14, 1974

The meeting was called to order at 9:30 A.M. by chairman Dennehy. Those present were:

James N. Dennehy, Chairman  
J. William Kearns, Jr.  
Lorence B. Simonsen  
Owen L. Morris Jr., Executive Secretary  
F. Robert Johnson, Assistant Exec. Sec'y

The minutes of the meeting held March 30, 1974 were approved by the board upon a motion by Dr. Simonsen and second by Mr. Kearns.

The board next reviewed the executive secretary's report which was ordered placed on file by Chairman Dennehy for future reference.

The State Investment Officer, James Howeth was next admitted at the invitation of the board to discuss the policies of the State Investment Board. Mr. Howeth explained that currently the funds were being invested primarily in high yielding, short term securities. Investment in stocks was being held to a minimum at the present time. Mr. Kearns questioned Mr. Howeth regarding the lack of investment in mortgages. Mr. Howeth replied that they were purchasing all mortgages offered, consistent with the current yield rate for other securities, but that they had not received a significant amount of mortgage offerings. The board thanked Mr. Howeth for his comments and he was excused from the meeting.

Under new business the board next considered a change to the present rules and regulations. Rule 11 under membership stated that, "If a previous member returns to teaching; although he may purchase credit for the years of his previous membership, his membership date will be the date on which he returned to teaching. His rights and privileges will be based upon the retirement law in effect on that membership date". The executive secretary recommended that this rule be deleted. Since the system retains the employer contributions at the time a member withdraws, and since we now charge interest on the re-deposit of a withdrawal, he felt that when a member repays a

previous withdrawal, his original membership date should be reinstated. Mr. Kearns moved, and Dr. Simonsen seconded that rule 11 under membership be deleted. The motion was approved.

The executive secretary next asked for a ruling by the board on the purchase of out of state service for which a member is receiving credit in another state. Dr. Simonsen moved that a member cannot purchase out of state service if he is receiving credit for that service in another state retirement system. The motion was second by Mr. Kearns and approved by the board.

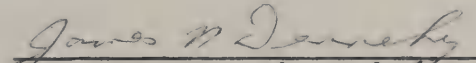
The board next considered the payment of benefits to the survivor of John Gay Gregory. Mr. Gregory had named two sons as primary beneficiaries and a sister, Flossie Wilson as contingent beneficiary. The sister, Flossie Wilson has submitted an affidavit swearing that Mr. Gregory died not having any sons as listed on the beneficiary designation, and had never married. We were also provided this information by the attorney representing Mrs. Wilson. After considerable discussion, Mr. Kearns moved that before survivor benefits could be paid to Mrs. Wilson we would need three additional affidavits, one from Mr. Gregory's pastor, one from his school superintendent and one from a third close acquaintance, stating that no sons exist, as named by Mr. Gregory. Dr. Simonsen seconded the motion was approved by the board.

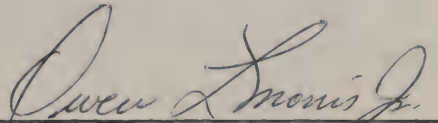
The board next reviewed the applications for disability retirement. After thorough review Dr. Simonsen moved that the following applications be approved, second by Mr. Kearns. The motion was approved by the board.

Russell J. Bay  
Dora C. Fleming  
Nellie L. Manuel  
Margaret L. Pyeatt  
Hazel H. Swanson

Chairman Dennehy announced that the next regular meeting would be scheduled in Billings at 1:30 P.M., August 9, 1974.

The meeting was adjourned upon a motion by Mr. Kearns and second by Dr. Simonsen.

  
James N. Dennehy, Chairman

  
Owen L. Morris Jr.  
Executive Secretary



## EXECUTIVE SECRETARY'S REPORT

AUGUST 9, 1974

Conversion of our subsidiary records to the state computer is progressing satisfactorily. The July benefit warrants were processed under the new program and the master file of our retired members is 95% completed. Certain historical information for evaluation purposes remains to be compiled.

We have begun recording information relating to active member accounts such as social security numbers and complete birth-dates which are not on our current ledgers. The ledgers with this additional information will be used as the keypunch document for input to the master file for our active members. We will have our ledgers ready for key punching as soon as the June 30, 1974 interest has been posted which should be completed by August 15.

The account statements have been run and are presently being mailed to the active members.

The number of retirement applications received to date total 161 as compared to 280 last year. We know of no reason for this decrease other than many applicants may be anticipating a change in the retirement formula and are delaying their retirement. Uncertain economic conditions may be discouraging those considering early retirement.

The number of visitors we normally receive during the summer months is also down from previous years.

We have received the classification of our employees under the proposed statewide classification and pay plan, which is reflected in the proposed budget for the next biennium.

## RETIREMENT BOARD MEETING

AUGUST 9, 1974

Billings, Montana

The meeting was called to order at 1:30 P.M. by Chairman Dennehy. Those present were:

James N. Dennehy, Chairman  
James E. Burke  
J. William Kearns, Jr.  
Lorence B. Simonsen  
Owen L. Morris Jr., Executive Secretary  
F. Robert Johnson, Asst. Executive Secretary

The minutes of the meeting held June 14, 1974 were approved by the board upon a motion by Mr. Burke and seconded by Mr. Kearns.

The executive secretary's report was read and ordered placed on file by the Chairman for future reference.

The board next reviewed the financial reports. Considerable discussion was had concerning the increase of over \$300,000 in withdrawals in 1973-74 from 1972-73. Mr. Johnson explained that this was due to the change in the law effective July 1, 1973 to provide for the payment of interest upon the withdrawal of a member's account. Most people who normally would have received their refund in June elected to wait until after July 1st in order to receive the interest.

Dr. Simonsen asked whether a performance report of the Board of Investments has been prepared by the consulting firm hired by the Board of Investments. The Executive Secretary stated that he would obtain a copy of any such report when it was available.

Chairman Dennehy next declared that nominations were open for the position of chairman. Dr. Lorence B. Simonsen was elected Chairman upon a motion by Mr. Burke and second by Mr. Kearns.

Upon assuming the chairmanship, Dr. Simonsen stated that his primary endeavor as chairman would be the implementation of a program providing maximum retirement at any age with 30 years of service.

Chairman Simonsen next asked for nomination for vice chairman of the board. J. William Kearns, Jr. was elected vice chairman after nomination by Mr. Burke and second by Mr. Dennehy.

The next item of business concerned the forthcoming legislation. The executive secretary reviewed the proposals discussed in December of 1973 with representatives of the various education organizations which were to change the benefit formula to 1/60th of average final salary for each year of service at age 60 or at any age with thirty or more years of service and to provide an increase in benefits for retired members. The possibility of providing an automatic cost of living increase up to a maximum of three percent in any year in which the Consumer Price Index rose three points or more was discussed by the Board. The actuary, Alton Hendrickson, had estimated that a 4.9% increase in contributions would be required in order to fund such an increase, but that an ad hoc increase in retirement benefits of 3% on July 1, 1976 could be provided without significant cost to the system. Mr. Hendrickson further stated that the change to a 1/60th formula and the 3% ad hoc increase in present benefits could be financed by a 2% increase in contributions without weakening the financial position of the fund.

After considerable discussion Mr. Dennehy moved that the board support legislation providing 1/60th of average final salary for each year of service at age 60, or at any age with 30 or more years of service and to provide an ad hoc increase in retirement benefits on July 1, 1976 of one fourth of 1% for each month a individual has been retired during the preceeding fiscal year and to provide for a 2% increase in contributions. Mr. Kearns seconded the motion which was approved by the Board. The Chairman directed the executive secretary to prepare a draft of such legislation incorporating the above provisions together with any "housekeeping" changes deemed necessary and to present such a draft to the board for review.

The Board next reviewed the executive secretary's request for a continuation of actuarial services. Mr. Morris stated that 93 of the 100 hours of actuarial services at \$17.50 per hour, previously approved by the board, had been used. He requested that the board authorize the utilization of an additional 50 hours, to be provided by the firm of Hendrickson, Bird and McKoskey, at \$35.00 per hour. Mr. Burke moved that the executive secretary be authorized to contract for up to 50 hours of actuarial services at \$35.00 per hour from Hendrickson, Bird and McKoskey. Mr. Dennehy seconded the motion which was approved by the board.



The budget for the 1975-77 biennium was presented to the board for it's consideration. The budget items were considered individually and explained by Mr. Morris or Mr. Johnson. During the discussion, Mr. Burke suggested that the roof of the Teachers' Retirement Building be inspected and that any required maintenance be accomplished either with present funds or provision made within the 1975-77 budget. Mr. Dennehy moved that the budget be approved for submission to the Department of Administration. The motion was seconded by Mr. Kearns and approved.

Next to be considered by the board were bids received for a financial audit of the system. The Legislative Auditor had written the board stating that his office could not audit the system due to staff limitations and suggested that if an audit were desired that the board contract for such services with a certified public accountant. The executive secretary stated that the last audit of the system had been made as of June 30, 1971 and requested an audit to cover the period July 1, 1971 to June 30, 1974. He further stated that he had asked for bids from the firms of Anderson and Zur Muehlen, Todd M. Lindberg, Timothy D. Meagher and G. Dean Reed. After a lengthy discussion concerning the wide variance in the amount of the bids the board authorized the financial audit and accepted the low bid submitted by G. Dean Reed, upon a motion by Mr. Burke and second by Mr. Dennehy.

The Board next reviewed the applications for retirement, disability and survivor benefits. The following applications were approved upon a motion by Mr. Burke and second by Mr. Kearns:

Name	Amount
Sara Abrahamson	\$325.20
Rose K. Albertsen	93.30
Helen D. Andrus	112.02
Omvall B. Arestad	476.40
Earl C. Bailey	584.19
Leona F. Barnes	840.10
Edward F. Barry	70.56
Karl D. Bell	739.03
Eleva J. Berry	314.47
Isobel M. Bills	188.88
Pam S. Boettcher	120.35
Mabel E. Bogut	412.32
Amelita Bonelli	433.04
Isobel Bonner	542.32
Floy Borgen	365.62



Name	Amount
Florence A. Brinton	\$621.39
Katharine E. Brockman	529.42
Maurice E. Brookhart	681.78
Katherine S. Brooks	194.64
Gertrude Bulger	345.92
M. Caroline Burke	308.74
Margaret Burnham	208.09
Dlla May Carl	346.92
Audley M. Carver	145.94
Hazel M. Chadderton	264.49
Horace G. Chadwick	349.79
Janie F. Chadwick	314.61
Jemima Colbrese	221.84
Earl Collins	641.28
Edna B. Collins	407.37
Carolyn Compton	211.94
Frances J. Cone	181.72
Mabel L. Coomber	492.57
Fern K. Cooper	309.96
Anastasia Corey	377.35
Doris I. Cronk	266.45
Frances K. Cunningham	602.31
Mildred F. Dailey	284.03
Gert L. Daniels	84.38
Dale D. Daugherty	641.33
Clifford Davis	864.81
Miriam C. Davis	375.47
Anita Pearl DeVille	223.02
Leona C. Dieruf	92.80
Eldon R. Dodge	748.38
Blanche W. Dodgson	386.43
Hazel B. Bunnweber	360.85
Janet I. Eaton	276.99
Margaret C. Elgen	301.67
Betty Lou Elliot	252.11
Robert F. Emerson	621.18
Dorothybelle Enwall	182.93
Florence J. Fairbanks	263.46
Marion E. Fasching	261.66
Pearl J. Felker	400.33
Margaret J. Fisher	475.66
Blanche A. Fousek	239.56
Douglass E. Fox	181.56
Ruth French	100.00

Name	Amount
Dulane Fulton	\$681.47
Leland Garner	212.38
Maude B. Gendrow	211.43
June Gersmeyer	184.75
May H. Glantz	389.13
Luella Goodman	63.45
S.E. Gotvaslee	224.76
Nea Doris Grandchamp	131.61
Helen Grilley	552.45
Blanche E. Grove	303.81
Anne W. Grund	340.14
A.B. Guthrie	706.69
Helen M. Haburchak	179.03
Mary Frances Hagedorn	150.77
Bertha C. Hall	350.02
Marjorie Hall	157.41
Ruth A. Hanrahan	127.18
Donald A. Hanson	335.81
Dorothy C. Hanson	48.07
Edwin S. Harding	579.32
Alice L. Harris	463.61
William T. Hawke	561.30
Ralph C. Henry	442.25
Audrey Herigstad	225.53
Anna A. Hollowell	240.98
Morris L. Homme	444.26
Helen M. Howard	209.85
Mildred C. Hug	395.82
Martha H. Irwin	171.02
Mary A. Iverson	99.20
Hazel Fay Jahnke	214.25
Annabelle Johnson	91.43
Charles P. Johnson	692.05
Glen Johnson	511.90
Ina Johnson	240.95
Jewel W. Johnson	220.56
Lola M. Johnson	121.59
Erma L. Johnston	251.42
Mollie Keller	411.67
Pearl O. Konig	207.09
Grace M. Kukkola	186.87
James L. Kurtz	84.46
Nathaniel J. Kutzman	829.18
Cecelia Kuyatt	91.33

Name	Amount
Patricia LaBreche	\$321.76
Dorothy E. Lalum	369.25
Junius Larsen	153.00
Audie H. Lohr	88.29
Jane R. Lord	218.11
Ruth H. Lunden	359.83
Mabel L. Lux	305.47
Margaret P. Mabes	295.05
Mary H. MacDonald	123.58
Dorothy E. MacKay	264.49
L. Louise Mammen	637.46
Ruth E. Maughan	248.19
Esther L. McArthur	251.05
Donald W. McGlashan	889.41
Clifton W. McLaughlin	230.44
Kenneth N. McLeod	774.50
Blanche McManus	621.88
Kathryn Megard	587.95
Emma L. Melton	147.15
Jean F. Mitchell	308.08
Ethel Montgomery	466.59
Cara A. Moore	214.70
Viola K. Moore	235.80
Pearl M. Morton	89.57
John F. Munson	469.29
Leo C. Musburger	778.31
Thomas G. Nash	358.40
Marjory D. Nielsen	173.50
Leon H. Nelson	585.84
Anna M. Nugent	441.25
Lucille Nyberg	182.11
Ella Olson	121.33
Harriet M. Olson	47.86
Ilene L. Osgard	118.17
Gladys I. Ostrom	193.81
Marjorie T. Paisley	666.53
Laura M. Palm	309.58
Ardith M. Palmerlee	581.47
Robert T. Pantzer	1,046.64
Dorothy Mae Parizek	522.78
John P. Parker	704.44
Agnes B. Peters	119.48
Hazel G. Peterson	247.40
Oliver W. Peterson	676.37
Vivian L. Peterson	340.95
Mildred Priest	290.73
Fern M. Ratliff	415.54
Doris Roberta Reissing	242.77
Ruth C. Reiten	74.36
Evelyn M. Reyman	401.79
Donald L. Richardson	660.09
Mary C. Robinson	139.02
Lola K. Russell	202.18
Joe C. Ryburn	599.08

Name	Amount
Mary E. Salveson	\$171.16
Bessie L. Sampson	322.49
Edwin A. Schiller	455.36
Emmi V. Schroer	227.33
Margaret E. Scott	321.86
Alma J. Seng	122.67
Emily M. Sherman	537.86
Cora Ann Simmons	202.50
Florence A. Smith	428.75
Ada E. Somppi	359.70
Truitt B. Spangler	442.15
Kathryn Speers	260.27
Irwin W. Spencer	168.97
Caroline P. Staiger	328.08
Sara H. Stedman	334.82
Louise Steiner	395.87
Hallie Stephens	451.95
Stella Stimac	134.57
Zelma S. Stoddart	248.11
Esther M. Stuft	480.65
Inger A. Sunwall	113.85
Harriett K. Swenson	62.60
Elizabeth B. Taylor	280.05
Janet L. R. Tracy	236.03
Dennis M. Travis	331.17
Mable Trenka	368.33
Carma B. Twilde	128.28
Ruth M. VanHynning	435.11
Mary Inez Vaughn	409.78
June J. Vezey	245.00
Alice T. Wakefield	190.93
Teresa M. Ward	166.86
Rudolph Wendt	758.79
Abbie Williamson	424.45
Ingrid L. Willoughby	279.34
Dagny Wold	269.36
Ray Woodriff	793.57
Lenora Wrench	374.79
Doris M. Young	460.26
Mary E. Zehntner	108.92

#### Survivors

Elizabeth Miller	327.84
Wendy Miller	50.00
Cynthia Zikmund	50.00

#### Disabilities

Gertrude Eleanor Siemsen

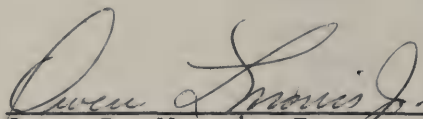


The board declined approval of the application for disability benefits for Kathleen Elizabeth Bailey sine the statement submitted by her physician indicated her disability might be of a temporary nature, and that she might progress sufficiently to resume her teaching duties in October. The board suggested that Mrs. Bailey resubmit her application for disability benefits at a later date if she was unable to return to teaching, and if approved at that time, the benefits could be made retroactive to July 1, 1974.

The meeting was adjourned upon a motion by Mr. Kearns and second by Mr. Dennehy.



Lorence B. Simonsen, Chairman



Owen L. Morris Jr.  
Executive Secretary

Special Meeting of the  
Retirement Board by  
Telephone Conference Call

September 4, 1974

Chairman Simonsen called a special meeting of the board by telephone conference call at 4:00 P.M., September 4, 1974. Those participating were:


Lorence B. Simonsen, Chairman  
James E. Burke  
James N. Dennehy  
J. William Kearns Jr.  
Owen L. Morris Jr., Executive Secretary

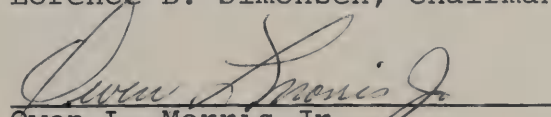
Chairman Simonsen recalled a discussion following the meeting of the board in Billings on August 9, 1974 regarding the possibility of increasing the benefit paid to children of a deceased member from \$50.00 to \$100.00 dollars per month through the month in which age 18 was attained. The executive secretary had been instructed at that time to obtain information from the actuary whether such a change could be proposed without additional funding.

The executive secretary read a letter from Alton P. Hendrickson in which he stated "I have reviewed the costs of increasing the benefit to surviving children from \$50 to \$100 per month. The total increase in liability will be \$728,219 which represents a  $1/2$  of 1% increase in the unfunded liability. The cost of this increase is minimal and would require additional funding of approximately  $1/50$  of 1% of salaries. If there is no additional funding, the amortization period of the unfunded liability would increase approximately four months".

Mr. Dennehy then moved that the executive secretary incorporate the increase of \$50 to \$100 per month to the surviving children of a deceased member in the draft of the legislation to be proposed to the 1975 legislature. The motion was seconded by Mr. Burke and approved by the board.

The meeting was adjourned upon a motion by Mr. Burke and second by Mr. Dennehy.

  
Lorence B. Simonsen, Chairman

  
Owen L. Morris Jr.  
Executive Secretary

## EXECUTIVE SECRETARY'S REPORT

November 6, 1974

With the beginning of the school year and the preparation of data for the conversion of our records to the State computer, the staff has been quite busy. A concerted effort was made this year to try and get membership forms for all the new members and membership forms and/or beneficiary forms for some current members for which we have never received a form. We have received approximately 500 forms and we consider this a good response to our request. Cooperation from the majority of school districts has been good in this respect.

The keypunching of our active member accounts has been progressing satisfactory and as of this date we estimate about 70% of the account information has been keypunched. There are, of course, rejections due to incorrect social security numbers, duplicate numbers and more than one account for the same individual due to a name change which was either never corrected or received. These rejections of data submitted are time consuming since each one has to be checked and the staff is doing a creditable job in correcting the information and re-entering it into the master file. The completion date of January 1, looks more and more like a reality.

The audit is in progress and Mr. Reed has found that it is going to take slightly longer than he anticipated. This is due to the fact that he started a little later than he expected and he underestimated the volume of transactions. The field audit is expected to be finalized about the third week in November and we can expect a final report about the middle of December. Mr. Reed has indicated that the report will not be as voluminous as the last report, indicating progress has been made in our record keeping and office procedures.

The MEA and MFT conventions were held on October 24-25 with the Executive Secretary attending meetings in Billings and Missoula. Bob went to Sidney and Great Falls and Mary Andridge to the MFT meeting at Fairmont. The attendance at these meeting was larger than anticipated with some meeting rooms being overcrowded to the point of people standing.

## RETIREMENT BOARD MEETING

November 6, 1974

The meeting was called to order at 9:00 A.M. By Chairman Simonsen. Those present were:

Lorence B. Simonsen, Chairman  
James E. Burke  
James N. Dennehy  
J. William Kearns Jr.  
Owen L. Morris Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the meeting held August 9, 1974 and of the special meeting held by conference telephone call on September 4, 1974 were approved upon a motion by Mr. Burke, seconded by Mr. Kearns.

The executive secretary's report was reviewed and placed on file for future reference.

The board next reviewed the financial reports for June, July, August and September as prepared by the accountant for the system. Dr. Simonsen questioned why the total assets in August were higher than those in September. Mr. Johnson replied that our income representing salaries paid in June was received during the months of July and August with very little income received after that time until the resumption of school in the fall plus the fact that we were still paying a considerable amount in withdrawals accounted for this difference.

Dr. Simonsen asked if we had information concerning the rate of return that the different types of investments were earning. The executive secretary reported that the detailed list of earnings would be disclosed when we receive the annual report from the Board of Investments. Mr. Morris stated that he had been advised by the investment officer that the overall interest yield for the fiscal year ending June 30, 1974 for the Teachers' Retirement System would be approximately 7.11 %. He also stated that the investment board had advised him that the annual report for the Board of Investments should be available soon after the first of the year.



Mr. Burke then asked when the audit of the system would be completed. The executive secretary stated that Mr. G. Dean Reed anticipated that he would complete the work on the audit around November 20th and that the final report would be available shortly after the 1st of December. The chairman then ordered that the financial reports be placed on file.

At this time, Mr. Kearns questioned whether we had received any type of performance analysis from the Board of Investments concerning the Teachers' Retirement funds. The executive secretary presented a letter from the St. Paul Investment Management Company sent to the chairman of the Board of Investments, which reviewed the recommendations provided the Board of Investments relative to investment in common stocks. The executive secretary stated that this appeared to be the only information available from the Board of Investments at the present time. Mr. Kearns and chairman Simonsen stated that they felt there was a need for some measure of the performance of the investment of the funds of the system.

Following a discussion of the desirability of obtaining a performance analysis of the investments, the executive secretary was directed to investigate what services might be available and the cost involved to obtain such an evaluation. Mr. Kearns volunteered to assist in finding various firms or individuals that might be able to provide such service.

The board next reviewed the applications for retirement, disability and survivor benefits. Mr. Burke asked whether it was the responsibility of the employer to advise us if a disability retiree had made sufficient improvement to return to teaching. The executive secretary replied that if such an individual returned to teaching he would show up on the reporting forms sent to us by the school district and if he had not returned to teaching but had improved sufficiently to do so, this would be disclosed through our annual disability review. After a thorough examination of the applications, the following were approved upon a motion by Mr. Dennehy and seconded by Mr. Burke.

NOVEMBER 6, 1974

## APPLICATIONS FOR RETIREMENT

Name	Amount
Izetta F. Ahlert	\$344.69
Lydia Apeland	118.07
Jane Armstrong	113.33
Ada G. Babington	209.85
Edward F. Barry	70.56
Marietta B. Best	68.57
Graham Blieler	294.49
Mary E. Bogut	412.32
Imogene C. Bonderson	137.00
Verna M. Cebull	186.38
George H. Carlton	199.85
Clifford Collins	30.94
Dale D. Daugherty	641.33
Ruth Marie Elvert	49.54
Elizabeth M. Ferris	337.55
Dave Gallagher	283.13
Dorothy Garvin	232.22
Marjorie Hall	157.41
Adrien L. Hess	625.45
Thomas C. Johnson Jr.	380.50
Ruth H. Lunden	359.83
Emma A. Maguire	280.61
Marjorie L. Matchett	87.27
Iris R. Murphy	70.31
Leo C. Musburger	778.31
Dorothy M. Overdahl	239.30
Bernice E. Paisley	198.42
Marjorie T. Paisley	666.53
Edna Merle Quammen	52.46
Stanley C. Richards	573.03
Dorothy F. Rice	275.95
Dora Scheidecker	49.00
Vera J. Schulz	318.38
Alma J. Seng	122.67
Annabelle S. Sheets	255.82
Leona M. Sherwin	61.77
Gertrude E. Siemsen	233.81
Elsie L. Stofer	99.14
Sarah Strum	84.70
Alice B. Tarrant	76.21

## Survivors

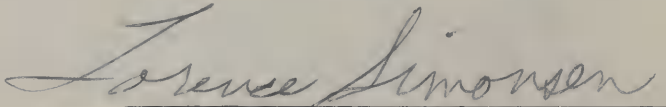
Fred Dusek Jr.	218.96
Elizabeth Miller	327.84
Tode Rodewald	81.54
Helen Wadley	82.59
Flossie E. Wilson	159.37

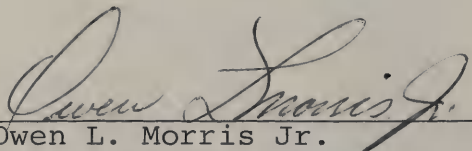
## APPLICATIONS FOR DISABILITY

Kathleen Bailey  
Ruth M. Hinkley

The chairman, after determining when the board members would be available, set the date for the next meeting on December 23, 1974 at 9:00 A.M.

The meeting was adjourned upon a motion by Mr. Kearns and seconded by Mr. Dennehy.

  
Lorence B. Simonsen, Chairman

  
Owen L. Morris Jr.  
Executive Secretary

## EXECUTIVE SECRETARY'S REPORT

December 23, 1974

The conversion of records from the E-6000 to the Data Processing Bureau's computer is virtually complete. All the retired members payroll information has been on the new file since July 1st. The active records have been transferred and are all loaded with a few exceptions.

To date, we have received monthly reports on the new billing form from approximately one-fourth of the reporting districts. Some progress has been made in obtaining direct input (cards) from larger reporting agencies. Lewis & Clark #1, Eastern Montana College and Montana Tech already have the capabilities and intend to report next month on cards.

There is a great deal of data that must be added to the member's records, both retired and active, and all the unclassified, vested rights, dormant, and tax deferred annuity accounts are to be loaded soon. The bulk of our operations is, however, now being processed through the new system.

In November, I went to Great Falls to talk to a newly formed group of public school administrators and principals. Earlier this month I spent a day in Havre conducting individual conferences with the faculty at Northern Montana College.

We are presently calculating the amount of the "13th check" to be paid to those being paid a monthly annuity from their tax deferred annuity accounts. This will be the last time this calculation will be made manually.

We are also interviewing applicants to fill our records clerk position. Cindy Ruffoni, who has been with us since September is leaving to return to California. She has been one of the best girls we have had in this position.



## RETIREMENT BOARD MEETING

December 23, 1974

The meeting was called to order at 9:30 A.M. by the chairman. Those present were:

Lorence B. Simonsen, Chairman  
James B. Dennehy  
J. William Kearns, Jr.  
Owen L. Morris Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the meeting held November 6, 1974 were approved by the Board upon a motion by Mr. Dennehy and second by Mr. Kearns.

The executive secretary's report was ordered placed on file by Chairman Simonsen.

The Board next reviewed the financial reports prepared by the accountant for the system for the months of July through October. The reports were ordered placed on file for future reference.

The Board then moved to old business and next considered forthcoming legislation. The executive secretary informed the board that the legislative council had been requested to draft a bill for Rep. A.B. Guthrie of Billings that would increase all retirement benefits 20%. The legislative council asked for information from the retirement system how much such a provision would cost. The executive secretary stated that the annual cost to the system would approximate \$2.5 million. The chairman then asked that the board be notified of any legislation introduced that would effect the system.

Under old business the board reviewed the report of the audit conducted by G. Dean Reed, CPA. The board was advised that due to other commitments, Mr. Reed would be unable to attend and the board requested that he be asked to attend the next regularly scheduled meeting. The board then reviewed each of the recommendations contained in the report. The items questioned were #6, 7, 14, and 22 and that further clarification of these recommendations be requested when Mr. Reed was able to meet with the board. There was considerable discussion as to what security measures SBAS incorporated and it was suggested that someone from either State Accounting or Management Systems be requested to attend a future meeting to explain the system and answer any questions by the board.

The board suggested that in order to comply with item 14 that we find out what insurance companies and other states do to insure that the proper recipient is receiving the check. On item 22, the board was concerned with the word "improve" and whether Mr. Reed meant our system or SBAS.

Dr. Simonsen suggested the Fullam Fund be used as "earnest" money in establishing a retirement home for teachers and it was further suggested that we contact the Retired Teachers Association for their recommendations.

In regard to the apparent incorrect language in the 1971 Session Laws concerning the increased benefit to retired members, the Board recommended removal of the language in conflict and that perhaps the Attorney General be consulted on this issue.

An investment performance analysis of the system investments was next discussed. The executive secretary presented a letter from Mr. Edmund Burke of A.G. Becker and Co., a firm specializing in such performance evaluations, outlining the services that were offered by his company. Mr. Kearns stated that it appeared that the type of evaluation outlined by Mr. Burke in his letter would be desirable. After a general discussion the executive secretary was directed to poll the various public retirement systems to determine if an evaluation was conducted of their investments and, if so, was it conducted "in house" or by an outside firm. The executive secretary recommended that we write the Board of Investments to ask if they would have an interest in such an evaluation and for their other suggestions or comments. The executive secretary was then requested by Chairman Simonsen to write a letter in this regard to the Board of Investments.

The Board next reviewed the applications for retirement, disability and survivor benefits. The following applications for retirement and survivor benefits were approved by the Board upon a motion by Mr. Dennehy and second by Mr. Kearns.

	Amount
Edwin Elbert Howard	\$255.58
William W. Kennedy	305.59
Betty L. Kuka	242.16
Joseph Maitin	96.98
Irma McInerney	226.57
Carol D. Moe	194.15
Winifred Morrison	157.36
Lilian Normann	193.33
Roderick J. Paisley	95.40
Nola Rolston	211.80
Max R. Swanson	28.45
Eva M. Wollan	72.43

### Survivors

Jane J. Fitch

\$561.59

The application for disability benefits were individually reviewed by the board and upon a motion by Mr. Dennehy and second by Mr. Kearns, the following applications were approved by the board.

### Disabilities

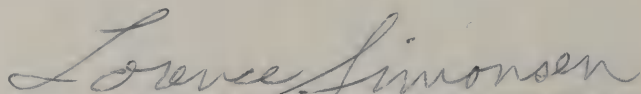
Rosemary Nicholson

Angela M. Odell

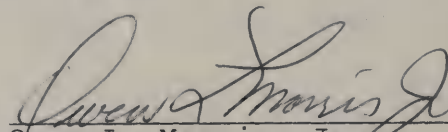
Doris M. Scott

It was decided that the next meeting date would be subject to the call of the Chairman, but would be held no later than March.

The meeting was then adjourned after a motion by Mr. Kearns and second by Mr. Dennehy.



Lorence B. Simonsen, Chairman



Owen L. Morris, Jr.  
Executive Secretary

## SPECIAL MEETING

January 16, 1975

A special meeting of the Teachers' Retirement Board was called to order at 11:00 A.M., January 16, 1975 by the chairman. Those present were:

Lorence B. Simonsen, Chairman  
James E. Burke  
Dolores Colburg  
J. William Kearns, Jr.  
Owen L. Morris Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

Michael Young, Administrator of the Insurance and Legal Services Division of the Department of Administration appeared to relate to the Board conversations previously held with the executive secretary.

Mr. Young stated that while he was employed by the Attorney General's office, he was instructed by the Attorney General to contact the executive secretary to convince him and the Board to attempt to change the law to allow out-of-state service for teaching in a private school or college. The instructions to Mr. Young from the Attorney General were in response to a letter from Robert Sullivan, Dean of the University of Montana Law School to the Attorney General that he had been denied the opportunity to purchase creditable service for teaching at the University of Notre Dame and that he was aware of other cases where credit had been granted for service in out-of-state private institutions. Mr. Sullivan apparently had alledged that he was aware of several cases where credit had been denied for service at religious colleges or universities and other cases where credit had been granted for service in non-religious, private schools.

Mr. Young stated that he had written a memo to the Attorney General stating that there were possible errors made by the system in granting service in private institutions and that due to the name of certain institutions such as St. John's, St. Olaf's, etc. these institutions were much easier to identify as being private in nature and that he did not feel there was any discrimination on religious grounds. Mr. Young further stated that he had informed the Attorney General that the law was clear that credit should not be allowed for teaching out of state in a private school or institution.



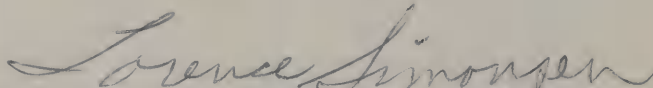
Professor Gardiner Cromwell of the University of Montana Law School had written a memo to the Attorney General for Mr. Sullivan's signature stating that credit could be allowed for teaching out-of-state in a private school or institution based on the fact of service rather than place of service. Mr. Young stated that the Attorney General's staff did not agree that this was a valid argument.

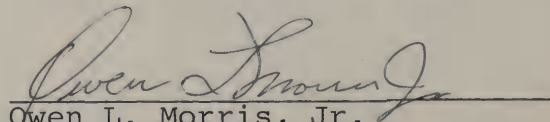
The executive secretary stated that the staff has purged all of the files, both active and retired and that nine cases were discovered where service had erroneously been credited for teaching out-of-state at a private school or institution.

After a thorough discussion and a review of Section 75-6212 (3), RCM 1947 which provides in part that "The creditable service established by the retirement board under the provisions of this section shall be final and conclusive for the purposes of the retirement system unless, at any time, the retirement board discovers an error or fraud in the establishment of the creditable service, in which case the retirement board shall re-establish the creditable service." Mr. Burke moved that a letter be sent immediately to those members allowed to purchase out-of-state credit for service at a private school or institution revoking such service and a refund be made of the contributions paid plus interest to date at the established interest rate. The motion was seconded by Mr. Kearns and approved by the Board.

The Board next considered a bill to be sponsored by the Montana Federation of Teachers (HB 301) which would allow the purchase of up to five years of credit for service in an "accredited private school or college in Montana." It was the consensus of the Board that the executive secretary should ask the committee that this bill be tabled until the next session to allow time to determine, (1) the financial impact on the system, (2) the effect it may have on private educational institutions in this state and whether it would tend to lure those educators into the public field of education (3) any effect such a provision would have on our present tax exempt status or any conflict with the recent federal pension reform legislation, and (4) if there is any question of constitutionality.

The meeting was adjourned upon a motion by Mr. Kearns and a second by Mr. Burke.

  
Lorence B. Simonsen, Chairman

  
Owen L. Morris, Jr.  
Executive Secretary


Special Meeting of the  
Retirement Board by  
Telephone Conference Call  
February 6, 1975

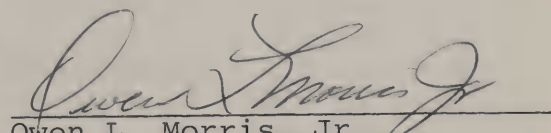
At 3:45 P.M., February 6, 1975 a telephone conference call was held. Those participating were:

Lorence B. Simonsen, Chairman  
Dolores Colburg  
J. William Kearns, Jr.  
Owen L. Morris Jr., Executive Secretary

The executive secretary reported that he had received a letter from Sam E. Haddon from the law firm of Boone, Karlberg & Haddon, Missoula, Montana. Mr. Haddon stated that he was representing Professor Gardner Cromwell. The purpose of the letter was to dispute the right of the board to revoke the credit for out-of-state service previously granted, and demand was made that the purported revocation be rescinded and that the credited service be fully reinstated. Mr. Haddon further stated that unless action was not taken within 15 days of his letter dated February 3, 1975, legal action to obtain a judicial determination of the matter would be instituted without further notice.

After due consideration, Mr. Kearns moved to have the executive secretary respond to Mr. Haddon's letter reaffirming the Board's position regarding the revocation of the credit for service previously accepted. Mrs. Colburg seconded the motion which was approved by the Board.

  
Lorence B. Simonsen, Chairman

  
Owen L. Morris, Jr.  
Executive Secretary

## EXECUTIVE SECRETARY'S REPORT

FEBRUARY 19, 1975

On Friday, January 24, 1975 Mr. James Burke and the executive secretary met with the Board of Investments for a discussion of a performance evaluation of the investments of the Teachers' Retirement System as outlined in Dr. Simonsen's letter to the Chairman of the Board of Investments dated December 24, 1974.

The Board of Investments had discussed a performance evaluation of all investments in executive session previous to our being admitted to the meeting.

Mr. Doug Leatherdale, Executive Vice President and Mr. James Stegner, Portfolio Manager of the St. Paul Investment Management Company presented a proposal to provide an evaluation to the Board of Investments. Mr. Leatherdale stated that his firm had purchased a computer program from A. G. Becker and Company whereby the investments of the Montana Board of Investments could be compared with investments of the several funds evaluated by A. G. Becker & Co. and that this evaluation could be provided without cost. Mr. Leatherdale stated further that there should be no problem regarding an evaluation of the common stock or the bond portfolios, however, the mortgages might be difficult inasmuch as market values of the mortgages would be difficult to determine. They did feel, however, that they would be able to evaluate the mortgages by some comparative measure.

The Board of Investments then asked that the St. Paul Investment Management Corporation conduct an evaluation to be presented to both the Board of Investments and the Teachers' Retirement Board at a future date.

As of this date HB 41 has passed both houses without a dissenting vote and has been sent to the Governor to be signed into law. We have started work on a new handbook which will explain all of the provisions of the system in accordance with the new law. We plan to have it available for distribution by September 1, 1975.

HB 301 to allow the purchase of up to five years credit in any accredited private school or college in Montana has passed the house and sent to the Senate, despite our appeal to the education committee to table the bill to allow further study. This bill has not as yet been scheduled for hearing by the Senate Education Committee.

HB 589 which would allow the purchase of credit for service in any accredited private or public college or university, has been introduced in the House but has not been scheduled for hearing by the committee.

The bill which Representative Guthrie had asked the legislative council to draft to raise all retirement benefits 20% was never introduced.

SB 281 was introduced by Senator George K. Roskie that would require all investment of state funds with firms or banks located in Montana. This bill would have seriously hampered the investment of our funds and reduced our income by prohibiting investment in certain short term instruments that Montana brokerage firms or banks do not deal in. Fortunately, this bill was killed at the request of the two major sponsors.

Bob Johnson has written to the various public retirement systems asking for information concerning their investments, yields as of June 30, 1974, investment evaluation procedures, and procedures used to verify that benefit recipients are still living and whether benefit payments are sent directly to a bank for deposit to the account of the payee. Our response has been good to date and we will have a compilation of the results in the near future.



## RETIREMENT BOARD MEETING

February 19, 1975

The meeting was called to order at 10:00 A.M. by the Chairman.  
Those present were:

Lorence B. Simonsen, Chairman  
James E. Burke  
Dolores Colburg  
James N. Dennehy  
J. William Kearns, Jr.  
Owen L. Morris Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the meeting held December 23, 1974 were approved by the Board upon a motion by Mr. Dennehy and seconded by Mr. Kearns.

The minutes of the special meeting held January 16, 1975 were approved by the Board upon a motion by Mr. Burke and seconded by Mr. Dennehy.

The minutes of the meeting by conference telephone call on February 6, 1975 were approved by the Board upon a motion by Mr. Kearns and second by Mr. Dennehy.

The Board next reviewed the executive secretary's report which was ordered placed on file by the chairman.

Under old business, the Board next considered legislation. The executive secretary reported that House Bill 41 had been passed by both houses and was waiting the Governor's signature.

House Bill 301 which would allow the purchase of service in a private school or institution in Montana was next considered. This was a bill introduced at the request of the Montana Federation of Teachers. Mrs. Colburg asked why the M.F.T. was backing this bill. Mr. Dennehy replied that some teachers who had taught at Carroll College and other private schools had contacted the M.F.T. and asked for their support for such legislation. The executive secretary stated that he had appeared before the House Education Committee and had expressed the Board's views that House Bill 301 should be deferred to allow the Board to determine not only the constitutionality of such a bill but also to allow time to determine the financial impact it would have on the system. He also stated that the Board felt there

might be some impact upon private educational institutions by making it attractive to those teachers to leave the private institutions for the public sector. The House Education Committee did, however, give the bill a do pass and it was approved by the House.

The next bill to be considered was House Bill 589 which would provide the opportunity to purchase credit for teaching in any out-of-state college or university. The executive secretary was instructed to testify before the committee in opposition to this bill for the same reasons as House Bill 301.

The executive secretary next reported that he had received a request from House Speaker Pat McKittrick to provide information regarding the cost to the system of granting free military service during the period of the Viet Nam War. Mr. Morris then read a letter that he had sent to Mr. McKittrick and also reported that he had requested cost figures from the actuary, Alton Hendrickson, which he will also provide to Mr. McKittrick.

At this point, Dr. Simonsen stated that any future efforts by the board to improve the system should probably be directed toward increasing the benefits to those already retired that are being hit by inflation and further, that the board should take a good look at all of the ramifications of the bills that have been introduced and what might be introduced in the future. Mrs. Colburg expressed concern regarding the parameters of a public retirement system and whether that system should provide coverage for non-public work. At this point, the executive secretary was directed to do all necessary lobbying on behalf of the board in opposition to House Bills 301 and 589 upon a motion by Mr. Burke and seconded by Mr. Kearns which was approved by the board.

Mrs. Colburg stated that she had talked with Chairman Blaylock of the Senate Education Committee and requested that the hearing on House Bill 301 be held off until the House had completed action on House Bill 589.

Mr. Mike Young, Administrator of the Insurance and Legal Division was admitted to the meeting. The executive secretary reviewed the special meeting of January 16, 1975 regarding the revocation of out-of-state service in private universities erroneously granted certain individuals. Mr. Morris further stated that he had received a phone call from Mr. George Heliker of the University of Montana who was one of the individuals from whom the private

out-of-state service was revoked. At Mr. Heliker's request, the executive secretary did provide him with the names of the other individuals involved. Mr. Heliker had stated that he had retained a lawyer and was hopeful that the other individuals would join with him to bring suit against the system rather than to have several individual suits. Dr. Simonsen asked Mr. Young who would represent the system if a suit were brought against the Teachers' Retirement System. Mr. Young stated that if the Attorney General would approve, he would represent them. Mr. Burke then moved that the Attorney General be contacted if the system were sued requesting that Mr. Young be authorized to defend the board. This motion was seconded by Mr. Kearns and approved by the Board.

The next item of business was a discussion of the performance evaluation of the investments. Mr. Burke stated that the evaluation to be provided by the St. Paul management corporation as outlined in the executive secretary's report should provide the board with the information desired.

Under new business, the board next discussed the National Conference of Public Employee Retirement Systems to be held in Hawaii, May 25th to May 31, 1975. Mr. Morris stated that although it would be desirable for someone to attend the conference, it did not appear that there were sufficient funds in the budget for anyone to attend. After considerable discussion, it was decided that consideration of attendance at the conference would be tabled until the next meeting pending further study of the budget.

The board next reviewed the applications for retirement. The following applications were approved by the board upon a motion by Mr. Dennehy and seconded by Mrs. Colburg:

*Lorance Simonsen*

## APPLICATIONS FOR RETIREMENT

February 19, 1975

	Amount
Ruth Abbey	\$187.92
Dorothy H. Conley	85.71
Glorene DeBock	557.53
Lee B. Durfee	73.13
Janet England	35.22
Carolyn M. Frojen	401.80
Agnes M. Grosskopf	98.02
Bernice J. Hansen	253.38
Nillie Hendricksen	104.79
Robert F. Herrig	231.09
Marian Herron	160.24
Viola Hill	260.06
Verna Hoff	231.13
Ethel McGillis	290.61
Anna J. Murphy	211.89
Russell A. Raymond	313.57
Ellen Richl	118.56
Florence B. Rosenquist	256.24
Irma L. Schaefer	204.22
Donald K. Scharff	577.25
Elmer I.C. Schwoch	325.25
Doris M. Scott	169.39
Lincoln Todd	89.07
Kenneth L. Williams	216.83
Loretta Wirtala	474.07

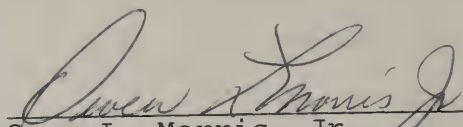


The next meeting of the Teachers' Retirement System Board was scheduled for April 9, 1975.

The meeting was adjourned upon a motion by Mr. Burke and seconded by Mr. Dennehy.



Lorence B. Simonsen, Chairman



Owen L. Morris, Jr.  
Executive Secretary

## EXECUTIVE SECRETARY'S REPORT

APRIL 9, 1975

The staff has been primarily concerned with the new conversion process and all spare time has been devoted to completing update forms for the new members. We are now distributing the new billing forms to the reporting entities and about 99% of these agencies are reporting on the new form.

We have received our "floppy disc" system from IBM and are currently programming the machine to accomodate the input data from the new billing forms on an exception basis. This reduces significantly the amount of keypunching from that required by our Burroughs system. In addition, Elsie Wilcox spent about a week in the state data processing division to familiarize herself with the new system, which should speed up the changeover process.

With the passage of HB 41, correspondence and visitors have increased over the corresponding period of a year ago and we anticipate a large group retirement applications this year.

On April 3, 1975, the executive secretary met with the Northwest Association of Elementary School Principals in Polson to discuss the provisions of HB 41. We have had requests for similar meetings in Bozeman, Billings, Sidney and Kalispell which we will attend in the next two months.



## RETIREMENT BOARD MEETING

April 9, 1975

The meeting was called or order at 9:30 a.m. by the Chairman.  
Those present were:

Lorence B. Simonsen, Chairman  
James E. Burke  
James N. Dennehy  
J. William Kearns, Jr.  
Ralph G. Hay (Representing Dolores Colburg)  
Owen L. Morris, Jr. Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the meeting held February 19, 1975 were approved by the Board upon a motion by Mr. Dennehy and seconded by Mr. Burke.

The Board next reviewed the Executive Secretary's Report which was ordered to be placed on file.

Under old business, the Board first discussed the various bills introduced affecting the Teachers Retirement System during the recent legislative session. It was agreed that the preliminary meetings held with the various education groups was most beneficial in the passage of HB 41. The Board also discussed the bill passed that would set per diem amounts payable to employees and board members.

The Board next reviewed the financial reports for January through March. The Executive Secretary stated that he had a meeting scheduled with the Montana Retired Teachers Association to discuss the Minnie Fullum Fund with that group. The Executive Secretary also stated that the assets of the Teachers Retirement System would surpass \$100,000,000 by the end of April or May.

Mr. Kearns said that he would like to see budget status reports presented at each board meeting, particularly on the items that have been overspent such as rent and per diem for board meetings.

After a review of the financial reports, they were ordered to be placed on file for future reference.

At this time, Dr. Simonsen announced that he would not seek reappointment to the Board due to the time involved and other personal reasons.



Mr. Dennehy stated that he had recently learned that the Administrator of the Public Employees Retirement System was classified one step higher than the Administrator for the Teachers Retirement System and felt that because the two positions were of the same nature and required the same knowledge and skills that they should be classified the same. He suggested that the Chairman write a letter to the Governor requesting that the classification of the Administrator for the Teachers Retirement System be equal to that of the Administrator for the Public Employees Retirement System. After discussion, Mr. Dennehy moved that the Chairman write a letter to the Governor requesting that the position of the Executive Secretary and the Assistant Executive Secretary each be classified one step higher than the present level. Motion was seconded by Mr. Burke and approved by the Board.

The next item to be considered by the Board was the probable suit against the Teachers Retirement Board by Gardner Cromwell. At this time, Mike Young, Administrator of the Insurance and Legal Division of the Department of Administration, was admitted to the meeting. Mr. Young said that he had been informed by the attorney for Gardner Cromwell that a suit would be filed against the Teachers Retirement Board regarding the revocation of credit for out-of-state service in a private institution. Mr. Young stated that it was likely that a show cause hearing would be held and that he was prepared to defend the Board in this action.

The Board next discussed the provisions of HB 41 regarding the crediting of service. The Executive Secretary recommended that 30 years of service be the maximum creditable except that if a member has 30 or more years of service prior to reaching age sixty that all service rendered through the year in which he attains age sixty be credited. He further recommended that all service credited as of June 30, 1975 be allowed under the provisions of the present law. The Board asked Mr. Young whether he agreed with this interpretation. Mr. Young stated that he was in agreement with this interpretation and had so informed the Executive Secretary. Mr. Burke moved that the service be credited in accordance with the Executive Secretary's recommendations. The Chairman thanked Mr. Young for his comments and he was excused from the meeting.

The next item was a discussion of the audit report by Mr. G. Dean Reed. Mr. Reed had been requested to attend the meeting but was called out of town and, therefore, was unable to attend. During the discussion of the auditor's recommendations, the Executive Secretary stated that a survey had been made of the other state systems to determine what procedure others states were using to verify that benefit payments cease upon the death of retired members.

However, the survey did not provide any meaningful information since there was no procedure used by the other states that seemed adequate. Several suggestions were made by the Board such as: printing "if living" on the retirement warrants; an affidavit requiring a notarized statement that the individual was still living; a spot-check of every 50 or 100 individuals; checking a random number by telephone. It was also suggested that a card be sent to the bank in those instances where the retirement warrants were sent directly to the bank for deposit. Mr. Kearns offered to work on the development of such a "card" to be sent to the banks for verification that the individual was still living and the motion was seconded by Mr. Dennehy and approved by the Board.

Mr. Kearns next moved that an implementation report on the auditor's recommendations be prepared and presented to the Board at the next meeting. Mr. Dennehy seconded the motion which was approved by the Board.

The last item considered by the Board under old business was the disposition of the Burroughs E-6000. The Executive Secretary stated that the highest bid received for the machine was \$250.00 and that regardless of the amount received, it would revert to the general fund rather than to the Teachers Retirement System. After considerable discussion, Mr. Dennehy moved that we postpone any decision on the Burroughs equipment until the next meeting. Mr. Kearns seconded the motion which was approved by the Board.

Under new business, the Executive Secretary asked for approval to request a budget amendment for additional money for in-state travel in order to meet commitments made for meetings before June 30, 1975. Mr. Dennehy moved that the Executive Secretary be authorized to request such a budget amendment. Mr. Kearns seconded the motion which was approved by the Board.

The Board next reviewed the applications for retirement. Dr. Simonsen asked whether those individuals with vested rights were advised of the change of law to become effective July 1, 1975. The Executive Secretary replied that all of them were advised of the benefit payable under the new law but that in most cases if they waited until July 1, 1975 to receive retirement benefits, they would forfeit retroactive payments and it was usually not to their advantage to do so. Dr. Simonsen then suggested that the age of the individuals be shown on the list of retirees presented at each board meeting. After thorough review, the following applications were approved by the Board upon a motion by Mr. Dennehy and seconded by Mr. Burke:

## APPLICATIONS FOR RETIREMENT

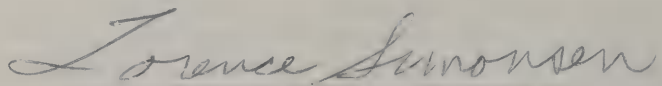
<u>Name</u>	<u>Amount</u>	<u>Age</u>
Boxwell, Josephine R.	163.73	60
Holsinger, Irving R.	122.32	60
Shirley, James D.	229.58	55
Ulvick, Irene E.	87.66	60
Wilkison, Emma K.	75.00	70

## SURVIVORS

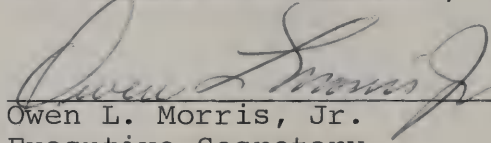
Arneson, Russell (Survivor of Arneson, Wm.)	202.25	61
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The next meeting of the Teachers Retirement Board was scheduled for August 15, 1975 in Billings, Montana.

The meeting was adjourned upon a motion by Mr. Dennehy and seconded by Mr. Kearns.



Dr. Lorence B. Simonsen, Chairman



Owen L. Morris, Jr.  
Executive Secretary

MINUTES

## CONFERENCE TELEPHONE CALL

April 29, 1975

A conference telephone call was held April 29, 1975.  
Those participating were:

Lorence B. Simonsen, Chairman  
James E. Burke  
Delores Colburg  
Owen L. Morris, Jr., Executive Secretary

The Executive Secretary inquired of the Board regarding their desires in obtaining legal council to defend the Board in the lawsuit brought by Gardner Cromwell regarding the revocation of out-of-state service.

After considerable discussion, Mrs. Colburg moved that the Executive Secretary write the Attorney General requesting that Michael Young be commissioned to represent the Teachers' Retirement Board and that if Mr. Young was not given the commission, the Board would retain legal council to represent the Board in this suit or any other suit arising as a result of revocation of out-of-state service in a private institution.

The motion was seconded by Mr. Burke and approved by the Board.

*Lorence Simonsen*



MINUTES

CONFERENCE TELEPHONE CALL

MAY 29, 1975

A conference telephone call was held May 29, 1975.  
Those participating were:

Lorence B. Simonsen, Chairman  
James E. Burke  
Delores Colburg  
James N. Dennehy  
J. William Kearns, Jr.  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The Executive Secretary read a letter from Hendrickson, Bird & McCoskey, Inc. offering their services to perform the actuarial valuation of the Teachers Retirement System for a fee of \$5,200.00. Mr. Dennehy moved that the bid be accepted. The motion was seconded by Mrs. Colburg and approved by the Board.

The Executive Secretary informed the Board that the Attorney General had approved the Board's request for Michael Young to represent the Board in the Cromwell suit and that Mr. Young had agreed to represent the Board.

*Lorence Simonsen*

## EXECUTIVE SECRETARY'S REPORT

August 15, 1975

In May we had requests for meetings with teachers at Eastern Montana College in Billings, Montana and also at the public schools in Billings and at MSU and the public schools in Bozeman. Bob and I spent two days each in Billings and Bozeman talking with those individuals who had requested to see us.

June proved to be our usual busy month with a great number of teachers dropping in the office to discuss their account with us. The change in the law has certainly prompted a number of inquiries and the number of visitors and the number of letters to be answered is running about as anticipated. As a result of the interest shown with the passage of HB 41, we anticipated that we would have between 400 and 500 retirements as of July 1, 1975. This has proved to be a gross miscalculation. At this time, we only have approximately 185 applications for retirement which are effective July 1, 1975. There are several reasons for this; first of all, the salaries that were negotiated in several instances made it more attractive for an individual to remain in teaching rather than to retire and also the general economic conditions seemed to discourage some people that would have otherwise retired this year. Also the fact that although an individual may retire at an earlier age but cannot receive Social Security benefits until attaining age 62 has discouraged several from retiring.

The staff has worked very hard and is adapting well to our new computer system. Mary Andridge and Bob Johnson have entered all the data on the retired members, which is stored in the computer, so that we were able to calculate the increases effective July 1, 1975 for our retired members. We have found some "bugs" in the system but these are being worked out as they are discovered.

Betty Temple and "Babe" Ramberg, under Mike Holland's supervision, have done a remarkable job in checking the new reports and preparing them for posting. We hope that all of the contributions and interest are completely posted so that the annual statements are run and distributed by the time our meeting is held in Billings.

On May 16, 1975, I was invited to speak at the meeting of the Montana Retired Teachers' Association in Butte, Montana. At that time, I informed them of the Board's desires concerning the Minnie Fullam Fund and that if their group would present a proposal to the Board where the money in the Minnie Fullam Fund could be advantageously used to the lasting benefit of retired teachers, the Board would consider turning the funds over to the Retired Teachers' Association.

In mid July, Bob Johnson and I were invited to attend a session of the Western States Regional Treasurers Conference held here in Helena to hear Mr. William S.P. Carter, Vice President of the Bankers Trust Company, present his views on the Social Security program. He raised some interesting questions whether the states should withdraw their social security coverage for public employees. He will be presenting a talk on this subject to the National Treasurers Conference later this summer and we have been promised a copy of his presentation. When it is received, it will be distributed to the board members.

## RETIREMENT BOARD MEETING

August 15, 1975

The meeting was called to order at 1:00 P.M. at the Ponderosa Inn, Billings, Montana by the Chairman. Those present were:

Lorence B. Simonsen, Chairman  
James E. Burke  
James N. Dennehy  
J. William Kearns, Jr.  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the meeting held April 9, 1975 were approved by the Board upon a motion by Mr. Burke and seconded by Mr. Kearns.

The minutes of a Conference Call on April 29, 1975 were approved upon a motion by Mr. Burke and seconded by Mr. Dennehy.

The minutes of a Conference Call on May 29, 1975 were approved upon a motion by Mr. Dennehy and seconded by Mr. Burke.

The Board next reviewed the Executive Secretary's Report which was ordered to be placed on file.

The next order of business was the election of officers. The Board elected Mr. Burke as chairman and Mr. Kearns as vice chairman for the next year.

The Board next reviewed the financial reports for April, May and June as well as the budget status report and investment purchases. Mr. Kearns inquired whether the Board would be furnished the investment information at each board meeting and Mr. Morris affirmed that they would. Mr. Simonsen then questioned the purchase of commercial paper at rates 5 1/4%. Mr. Morris replied that it was probably an interim investment until more favorable long-term issues were available. Mr. Simonsen then asked how secure the commercial paper purchases were. Discussion then ensued as to what kind of blanket authority the investment officer had in making purchases. Mr. Dennehy then questioned whether the TRS Board had any authority or responsibility in this area. Mr. Kearns replied that he had talked with Mr. David Brown, Assistant Investment Officer, and was told that the Investment Board would welcome any suggestions or criticism by the Board. Mr. Kearns suggested that this type of discussion would be of value in a joint meeting with the Board of Investments and suggested that such a meeting take place in the near future. Chairman Burke then ordered the financial reports to be placed on file.



Under old business, the first item discussed was the implementation of the auditor's recommendations. The Board reviewed all of the recommendations and the action taken with regard to the recommendations. Mr. Burke then asked if we had sent cards to the banks where we were sending retirement checks for verification whether the member was still living. Mr. Morris replied that letters were being sent and that some replies had already been received.

Chairman Burke then asked the Executive Secretary whether he received a reply to Chairman Simonsen's letter to the Governor's Office regarding the Executive Secretary's and the Assistant Executive Secretary's position classification. Mr. Morris replied that Mr. Simonsen had received a letter from the Governor's Office to the effect that their office does not interfere in the area of position classification but that the letter would be referred to the Director, Department of Administration, for review. Mr. Dennehy suggested that a follow-up letter be written and that the letter come from the new chairman.

Next to be discussed was a proposal by the Retail Credit Company for an annuitant check to ascertain whether our annuitants were still living. After reviewing the proposal, Mr. Morris stated that no money had been budgeted for this type of expense during the present biennium. The Board then decided to defer any action on this proposal until we determine the results from the letters that are currently being sent to the banks.

The next item was an attorney's report from Mr. Michael Young in regard to the Cromwell case. Mr. Young stated that during the course of the hearing, the question of estoppel was raised by a lawyer attending the hearing but who was not connected to the specific case. However, Judge Meloy deferred the case in order to review the questions of estoppel. A hearing has been scheduled for August 25, 1975 by Judge Meloy.

The Burroughs E-6000 Accounting Machine was next discussed by the Board. After considerable discussion, Mr. Kearns moved that the Executive Secretary be authorized to sell the Burroughs equipment for whatever he could get and that the sale be made preferably to a school district if the offer was reasonable. Mr. Dennehy seconded the motion and was approved by the Board.

Under new business, a letter was presented from Mr. William Johnstone, Vice President for Academic Affairs, Montana State University, in which he requested that the Board give consideration to granting creditable service for an employee on sabbatical leave. An employee on sabbatical leave is awarded half pay and considered an employee of the University System even though no actual work is performed. The Executive Secretary then explained that the law now contains a provision for the purchase of up to two years of leave provided the employee was a member of the system prior to the leave and conditional upon his completion of five years of membership service following the leave. A problem occurs where the leave may be taken in the last few years of a member's service wherein he does not have sufficient time before retirement to complete the five years required following the period while on leave. Mr. Dennehy stated that the Butte school system has a similar policy and that the Teachers Retirement Board in the past has denied credit to their teachers for service while on leave and in view of the Board's past policy, he moved that no service be granted for sabbatical leave except to be purchased as provided by law. Mr. Simonsen seconded the motion which was approved by the Board.

The Board next considered a letter from Mr. Robert Rorvig asking that he be allowed to repay previous membership service withdrawn which, if allowed, would qualify him for retirement benefits. He further stated that he was told by Mr. Hugh McKinney that if and when the vesting requirement was changed from ten to five years that he would be allowed to repay this withdrawal. Mr. Morris then explained that the law allowed only an active member of the system to repay a previous withdrawal and that Mr. Rorvig's present status did not qualify him as an active member. Mr. Morris also noted that there was nothing in writing to Mr. Rorvig that he be allowed to repay this withdrawal and that the implication probably was that when the vested right was reduced from ten to five years that if Mr. Rorvig returned to teaching that he would be eligible to purchase the previous membership service and qualify for a retirement benefit. Mr. Dennehy moved that Mr. Rorvig be written a letter advising him that he would not be allowed to repay previous membership service because the law precludes him from doing so. The motion was seconded by Mr. Simonsen and approved by the Board. The Chairman then suggested that Mr. Rorvig be advised that if he were to return to a teaching position that he would be allowed to repay the withdrawal.

Mr. Simonsen then asked about the status of the new "Handbook of Information" and Mr. Morris replied that the camera-ready copy had been prepared except for the forwarder note and the table of contents and that the copy had been provided to the printer.

Mr. Simonsen then suggested that it become a practice that whenever any advice is given to a member that it be done in writing. Mr. Johnson stated that this is being done and in the case of a member who is withdrawing his contributions and who has a vested right in the system that we are advising them as to what their benefit would be at age 55 if they left their contributions on deposit. In this way, they know their rights are being forfeited by withdrawing their contributions.

Next considered was a request by Mr. Harry Hauser that he be allowed to purchase credit for teaching at the University of Puerto Rico as out-of-state teaching service. The question was whether service at the University of Puerto Rico is service that had it been performed in Montana would have been covered by the Teachers Retirement System. It was pointed out that teaching in a foreign country has been denied as out-of-state teaching service but that service in a publicly-supported institution in an insular possession of the United States had been allowed as out-of-state service. Mr. Simonsen stated that since the University of Puerto Rico is publicly supported that we would have no legal basis for denying him service. Mr. Kearns moved that we allow Mr. Hauser to purchase credit for this service which was seconded by Mr. Dennehy. The motion was approved by the Board.

The next item was consideration of a commitment by the Board of Investments to purchase, upon completion, the Social and Rehabilitation Services building and lease the building to the State of Montana at a minimum rate of 9% net lease for a period of 20 years with the option to sell such building to the State at the expiration of the lease for not more than \$50,000.00. Due to the length of the commitment which is estimated at two years, the Investment Board wishes to negotiate a higher rate should interest rates be substantially above the 9% rate. The building is to be purchased by either the Teachers Retirement System or the Public Employees Retirement System or perhaps both depending upon the availability of funds and the Investment Board wishes to obtain concurrence with the retirement boards for this action.

Considerable discussion ensued and it was decided that this matter be tabled and discussed when a joint meeting was held with the Board of Investments.



The Board then considered attendance at the National Council on Teacher Retirement in Houston, Texas on September 28, 1975 to October 2, 1975. The Executive Secretary asked who would be authorized to attend and also for an expression from the Board whether it would be desirable to divide attendance between the National Council on Teacher Retirement and the National Conference on Public Employee Retirement Systems. It was the consensus of the Board that the National Council on Teacher Retirement was more closely related to teacher retirement problems and that it would be desirable that all board members that could attend do so as well as the Executive Secretary and the Assistant Executive Secretary and that attendance at the National Conference on Public Employee Retirement Systems be determined at the time of that conference. It was then moved by Mr. Kearns and seconded by Mr. Dennehy that all board members who could attend and the Executive Secretary and the Assistant Executive Secretary be authorized to attend the National Council on Teacher Retirement. The motion was approved by the Board.

The Executive Secretary then presented a proposal by Mr. Bob Byerly of Byerly-McClurg, Insurance Brokers and Consultants, Denver, Colorado, to provide group life, accidental death and dismemberment and dependents life insurance for members of the system through the National Conference on Public Employee Retirement System. The cost of the program is \$6.00 per month per member and the proposal provided that if the Teachers Retirement System would collect the premium and remit to the company that the system would be reimbursed \$.15 per member per month.

The Executive Secretary stated that he was presenting this proposal primarily for informational purposes at this time and since it was the only proposal he had received that it would be advisable to determine whether other plans were available which might be more beneficial. After discussion, the Board expressed an interest in such a program and suggested that Mr. Byerly or any other firm or individual with a similar proposal be invited to attend a future meeting of the Board to further explain their program.

Mr. Kearns then asked whether the Board should consider the actuarial assumptions to be used in the actuarial evaluation. The Executive Secretary stated that the Board should do so and that he would recommend we use the same assumptions that were used in the last evaluation. Mr. Kearns expressed some concern over the 6 1/4% interest rate assumption and that he felt that it might be too high. Chairman Burke then suggested that an attempt be made to determine interest assumption rates used by other states and that the actuarial assumptions should be idscussed with the actuary at the next meeting of the Board.



The Board next reviewed the applications for retirement. During a review of the applications, Mr. Johnson pointed out that the average age of the retired members for those retiring July 1, 1975 was 62.72 years while the median age was 63. Average length of service was 26.78 years and the average final salary was \$11,846.63. This would put the average monthly benefit at approximately \$440.63. Of the 175 members used in the sample, 21 were under age sixty. The following applications were approved by the Board upon a motion by Mr. Dennehy and seconded by Mr. Kearns:

<u>Name</u>	<u>Amount</u>	<u>Age</u>
Adams, Esther	\$497.45	64
Adams, Helen	863.28	66
Aho, Gertrude A.	611.89	62
Anderson, Dora	500.44	60
Bailey, Edward	621.82	65
Barcroft, Donne	390.79	63
Beverly, Cynthia	554.65	63
Bills, Agnes	313.87	63
Bills, John	678.60	64
Bogut, Marmion	123.20	66
Borgen, Eleanor	442.44	61
Brown, Lucille W.	524.55	66
Browne, Betty Ross	656.07	65
Brownfield, Alice	453.28	61
Breuninger, Hubert	504.94	63
Bryan, Gordon	706.18	60
Buckley, Inez	533.88	60
Butterfield, Mildred	465.59	64
Butts, Iola	382.05	62
Byrd, E. Joyce	549.69	63
Cain, Eunice	354.67	63
Cain, Marjorie	622.38	60
Camerson, Carlton	437.83	59
Carey, Jane	508.49	66
Carmack, Enid	547.55	65
Castle, Hazel	405.40	64
Chalmers, Leslie	307.53	65
Cheney, Virginia	177.23	64
Clinker, Virginia	89.07	66
Cockrum, Harry	770.54	59
Compton, Edna H.	161.58	57
Conwell, Gertrude	593.18	63
Cook, Della	111.51	60
Coulson, Marie	388.92	62
Crowley, Joseph R.	980.48	61
Curnutt, Jean	466.28	63
Deighton, Ila	593.49	66
Donegon, Eva	191.81	64
Douglas, Donald	534.46	57

<u>Name</u>	<u>Amount</u>	<u>Age</u>
Driscoll, Margaret	\$737.23	63
Driscoll, Maurice	898.31	61
Duncan, Elizabeth	299.08	61
Dundas, Mary	301.69	65
Dyche, Luke	635.86	62
Eaehart, Olive	53.33	63
Ellis, Bessie	451.27	61
Ellsworth, Virginia	353.38	55
Ephron, Marguerite	772.15	65
Erickson, William	928.76	53
Evanko, Evelyn	282.23	63
Feeney, Margaret	376.42	65
Fisher, David	182.22	66
Fister, Graeff	77.43	70
Fredrickson, Arlene	467.45	64
Galahan, Harold	256.54	63
Gilmore, Gertrude	963.45	66
Goering, Kenneth	992.20	62
Grafel, Mabel	663.30	61
Gruenert, Charles	684.28	64
Guthrie, Jean	326.86	58
Hahn, Elizabeth	177.64	65
Hammond, Helen	359.81	66
Harnden, Edith	684.36	61
Haymond, Lois	403.98	65
Helgeson, Basil	599.40	62
Hellebust, Katherine	487.14	59
Hellickson, Olive	158.25	66
Hendrickson, Orlinda	491.59	65
Hensley, Gudrun	248.26	57
Holm, Opal	514.79	63
Holzwarth, Mary	248.98	66
Honer, Jean	629.47	61
Hoover, Hollie	669.86	61
Hopkins, Albert	680.58	66
Hopkins, Phyllis	553.45	63
Hudgens, Hoyle	388.82	65
Hudson, Jane	190.07	62
Hull, Blanche	256.26	58
Hultman, Dorothy	147.03	62
Humphreys, Alfred	100.00	60
Ikard, Margaret	599.20	64
Jakes, Agnes	530.54	60
Jakes, Bennett	479.18	58
Johnson, Valarah	334.13	65
Jorgensen, Edith	402.44	61
Kangas, Toby	863.66	60
King, Doris M.	57.12	56
Klimas, Alice	649.36	62
Knutson, Grace H.	226.87	62
Kolar, Lillian	243.33	60
Lambert, Marshall	520.44	61
Lasich, Isabull	637.21	61
Lavalle, Kathleen	479.07	63
Leach, Theresa	305.51	65

<u>Name</u>	<u>Amount</u>	<u>Age</u>
Lee, Don G.	\$619.27	56
Lidstone, Mildred V.	201.68	62
Light, E. Lucille	368.92	66
Lindgren, Lucille V.	606.88	61
Lodge, Bernard	529.82	65
Lovcik, Margaret	341.88	63
Lundin, Rose	49.11	60
Manton, Bernice	94.65	67
McGarry, Genevieve	486.43	59
McKelvie, Lorene	333.51	62
Mogen, Harold	539.81	56
McMarrell, Mac	285.99	58
McNeil, Ardis	373.57	58
Marsh, Naomi	257.30	65
McCormick, Ione	394.21	65
Mitchell, Dorothy	494.02	63
Moline, Leone	396.39	65
Morin, Robert	555.28	61
Murray, Catherine S.	491.83	64
Nelson, Harvey	500.20	55
Nunns, Fay	221.75	64
Oberfoell, Helena	254.40	61
O'Connor, Loren	428.79	64
Ohanesaian, Emma	194.28	68
Ostwald, Mary	590.93	60
Page, Emma	263.75	63
Peterson, Fern	205.83	62
Peterson, Karoline	357.04	65
Pirrie, Marjorie	67.65	59
Placek, James	539.83	65
Placek, Josephine	360.24	64
Plymale, Leona	393.24	60
Pomroy, Dorothy	273.66	65
Putz, Ruth	544.01	70
Quimby, Don	793.00	61
Rafter, Wendell	932.08	63
Rau, Katherine	192.23	68
Reed, Mildred	508.64	62
Rimel, Raymond	562.55	62
Roberts, Ruby	618.26	66
Robertson, Jean	680.31	62
Roth, Viola	60.67	55
Rowton, Alma	113.42	62
Rusth, Elsie	162.85	63
Sanvik, Alice	232.94	61
Sargent, Ann	502.16	65
Schlaht, Reuben	912.54	65
Schmoll, Jr. Edward	278.44	62
Scofield, Ann	502.16	65
Sears, Gladys	337.22	60
Sheets, Dorothy	1,004.27	62
Simpson, Helen	140.52	65
Sirriner, Mayme	573.75	60
Sirriner, W. Orton	710.53	64
Skaw, Alvylda	863.20	62
Smith, Joan Helen	85.67	56

Smith, Margaret	393.24	62
Staael, Nora	263.94	71
Starcher, Hilda	455.98	58
Stauffer, Evelyn	566.03	63
Stende, Sidney	636.63	65
Stephens, Amy	519.17	66
Stobaugh, Minnie	491.18	66
Stober, Eva	411.75	63
Stoner, Margaret	426.38	62
Swanson, Mary B.	247.08	62
Swanson, Winifred	426.15	63
Teegarden, Noel	346.96	62
Thompson, Cherry	138.38	62
Thomson, Bonnie	330.94	60
Thornton, Mary	556.21	65
Tillman, Meriwyn	476.75	66
Vowell, Sarah	85.41	67
Wacker, Lola	346.28	64
Ward, Annabelle	126.33	62
Ward, Phillip	191.22	71
White, Francis	223.99	62
Weitz, Harold	722.53	62
Wilber, Roberta	129.81	67
Wilson, Doris	321.90	62
Wold, Cora	180.85	66
Wolff, Joe	620.26	58
Wollaston, Mildred	108.86	56
Woods, Violet	353.00	65
Woolston, Margaret	286.68	56
Wyatt, Clara	637.15	64
Eastlick, Lillian E.	122.84	69

The following disability and survivor benefits were approved by the Board upon a motion by Mr. Kearns and seconded by Mr. Burke:

#### DISABILITY

Copenhaver, Ernest H	444.89	58
Highland, William P.	241.32	57
Noll, Virginia	172.22	57
Owens, Marie O.	172.22	57
Pederson, Annette	106.16	49
Roe, Rosanne	626.85	57
Simpson, Shirley A.	182.22	50

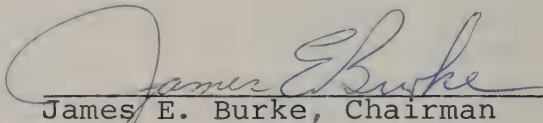
#### SURVIVOR

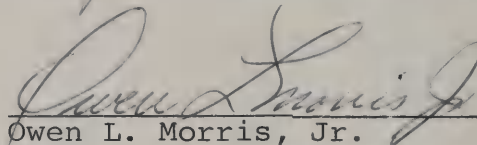
Field, George O. (Survivor of Shirley)	344.62	57
McCourt, Helen B (Survivor of Terence)	160.57	47
Zeller, Ethel (Survivor of Wilmer)	202.58	53



The next meeting of the Retirement Board was subject to the call of the chair after October 15, 1975 and preferably a date that would be compatible for a meeting with the Board of Investments.

The meeting was adjourned upon a motion by Mr. Simonsen and seconded by Mr. Kearns.

  
James E. Burke, Chairman

  
Owen L. Morris, Jr.  
Executive Secretary

## RETIREMENT BOARD MEETING

November 19, 1975

The meeting was called to order at 9:30 a.m. by the Chairman and the following board members were present:

James E. Burke, Chairman  
James N. Dennehy  
J. William Kearns, Jr.  
Dr. Lorence B. Simonsen  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the meeting held August 15, 1975 were approved by the Board upon a motion by Dr. Simonsen and seconded by Mr. Dennehy.

The Board then reviewed the Executive Secretary's Report and the Chairman ordered that it be placed on file. The Executive Secretary commented that we have had numerous complaints about sending the member's account statement to the employer for distribution to the member in that they felt this is a violation of their privacy and that the information contained on the account statement is confidential. He stated that this is the second year that the statements have been sent to the employing agency for distribution but that we had no complaints last year. He further commented that we may have to consider another method of distribution of the account statements next year.

The Board then discussed the financial reports for July through October and the mortgage summary report and the investment reports. The Executive Secretary informed the Board that the format of the financial reports has been changed somewhat because of the information that we are now receiving from the computer regarding the Statewide Budget and Accounting System. In reviewing the mortgage summary report as provided to the Board of Investments, Dr. Simonsen asked whether it would be possible to provide the maturity dates on the delinquent mortgages and was advised that we would try to get this information in the future. The Assistant Executive Secretary informed the Board that we are getting the name of the broker on our investment advice so that this information can be provided to the Board on the investment reports. Chairman Burke then ordered that the financial reports be placed on file.

Under old business, Michael Young, Administrator of the Insurance and Legal Division, Department of Administration, was admitted to the meeting regarding the suit against the Teachers' Retirement Board by Gardner Cromwell. As a result of a hearing on October 24, 1975, the Teachers' Retirement Board was estopped from revoking credit for the out-of-state service in a private institution from Gradner Cromwell. Mr. Young explained the basis upon

THE UNITED STATES OF AMERICA  
 DEPARTMENT OF THE ARMY  
 OFFICE OF THE ADJUTANT GENERAL  
 WASHINGTON, D. C.

TO THE SECRETARY OF THE ARMY  
 FROM THE ADJUTANT GENERAL  
 SUBJECT: [illegible]

1. [illegible]

2. [illegible]

3. [illegible]

4. [illegible]

5. [illegible]

6. [illegible]

7. [illegible]

8. [illegible]

9. [illegible]

10. [illegible]

which the judgement could be appealed if the Board elected to do so but in considering the circumstances of the nine involved, he felt that they had a stronger case than Gardner Cromwell. Mr. Young further stated that Judge Meloy had decided that our statute had a rational basis and was with legitimate public interest and that even though the credit previously revoked for the nine individuals involved would have to be reinstated, the Board's policy of not allowing credit for service in a private institution would be upheld in the future. After lengthy discussion, Mr. Dennehy moved that the Board not appeal Judge Meloy's decision and to reinstate the service revoked for Gardner Cromwell and the other individuals involved. The motion was seconded by Dr. Simonsen and approved by the Board.

Alton Hendrickson from the actuarial firm of Hendrickson, Bird and McCoskey presented his actuarial valuation of the Teachers' Retirement System. Mr. Hendrickson reported that the Teachers' Retirement System was in good financial position and that as a result of the valuation as of July first, 1975 it has been concluded that the system is funded on an actuarially sound basis. He also stated that recent legislation has increased the liabilities of the system because the years of service required for full benefits were changed from 35 to 30 years but the additional increase in the contribution rate is adequate to support the additional liabilities. During the discussion which ensued the Board questioned whether the 3% annual increase in the salary assumption was realistic and asked that Mr. Hendrickson recalculate the results of the valuation using the actual salary increase experience of the system. Mr. Hendrickson said that this could be done and the information would be available at the next meeting. Mr. Hendrickson commented that he was pleased with the information obtained from the computer by reason of the recent conversion and that this would ensure more accurate and meaningful information for valuation purposes in the future.

Dr. Simonsen next inquired about the progress of our procedure of asking the banks to verify that the retiree is still living in cases where the payment is sent directly to the bank. The Executive Secretary replied that we had an excellent response from the banks but had discovered two people who had died that were receiving checks and we had not been informed of their death. We have been able to recover the payments made after their death. He also stated that we have not as yet started checking our retirees within the state by telephone because of the press of other business in the office but this would be started in the future. He suggested that before the Board extend the money for a retail credit check that we should first determine the results of the telephone calls to see if such an expenditure would be warranted.

The next item was a discussion of the meeting with the Board of Investments in Butte, Montana on November 15, 1975, which was attended by Mr. Dennehy, Mr. Kearns, Dr. Simonsen and Mr. Morris. During the meeting the performance





analysis of the stock portfolio was presented by the St. Paul Investment Management Corporation. The performance analysis of the stock portfolio will be made quarterly and copies will be provided to the Teachers' Retirement Board. Before an analysis of the bond portfolio can be made, certain historic information will have to be gathered and it may be as much as a year before that analysis can begin. Mr. Dennehy moved that the Executive Secretary be instructed to write a letter to the Board of Investments expressing our appreciation in being invited to their meeting and for the information provided and expressing a desire to meet with the Board of Investments in the future. The motion was seconded by Mr. Kearns and approved by the Board.

Under new business the Board reviewed the policy of discontinuing the 13th check to retired members. The Executive Secretary stated that in 1973 the Board decided that since we were paying the 3% increase per year to retired members through 1975 that we would discontinue the 13th check. The law now provides for a 3% increase on July 1, 1976. The Board reaffirmed the discontinuance of the 13th check through 1976 upon a motion by Dr. Simonsen and seconded by Mr. Dennehy.

The Board then discussed possible future legislation and Mr. Dennehy commented that he felt that legislation would be introduced to provide for the purchase of credit for service in a private institution. It was the consensus of the Board that some form of cost of living increase for retired members receive priority if such a provision could be properly funded. Dr. Simonsen suggested that a way to finance such a provision would be to obtain a portion of an existing tax, such as the "energy tax".

Chairman Burke then suggested that we have a meeting with the representatives from the various educational groups to determine and discuss legislation that might be proposed. It was decided that such a meeting should be held before July first.

The Board next reviewed the applications for retirement. Dr. Simonsen questioned why we had so many applications at this time. The Executive Secretary replied that most of the applications were from those people with a vested right who had been out of teaching for some time but had just reached an age which would qualify them for retirement benefits and that the other applications were simply late in being submitted. Upon a motion by Mr. Dennehy and seconded by Mr. Kearns, the Board approved the following applications for retirement.



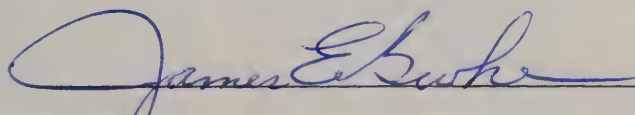
<u>NAME</u>	<u>AMOUNT</u>	<u>AGE</u>
Buery, Bernice	\$ 105.39	64
Buck, Ruth T.	304.27	58
Driessen, Dola F.	423.92	65
Francisco, Katherine	374.58	55
Fransham, Robert W.	104.99	60
Gilbertson, Oho	90.00	60
Hansen, Grace E.	616.77	67
Jacobson, Leroy	884.57	54
Knudson, Jane	129.94	55
Lauson, Marjorie	494.78	65
Madsen, Blanche V.	302.10	60
Mullany, Lawrence J.	263.60	60
O'Leary, Michael F.	887.31	65
Shirts, Margaret	81.08	57
Sohm, Mary Etta	529.45	54
Tripp, Merrill L.	113.96	60
Turner, Lura	125.04	58
Windecker, Claude	382.58	67

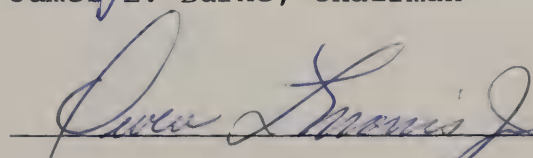
Disablility and survivor applications were next discussed. After a thorough review the following disability and survivor applications were approved upon a motion by Dr. Simonsen and Seconded by Mr. Kearns:

Dahl, Arlie M. (Norman T., deceased)	472.09	50
Peterson, Robert S. Billings, Montana	Mitral Valve Inserted	54
Swarthout, Clara M.	Pituitary Adenoma (Brain Tumor)	57
John Gibson	Cancer of Colon	53

The next meeting of the Retirement Board was tentatively scheduled for February 20, 1976.

The meeting was adjourned at 1:00 p.m. upon a motion by Mr. Dennehy and seconded by Dr. Simonsen which was approved.

  
James E. Burke, Chairman

  
Owen L. Morris, Jr.  
Executive Secretary





February 24, 1976

The meeting was called to order at 9:00 a.m. by the Chairman with the following present:

James E. Burke, Chairman  
Dolores Colburg  
James N. Dennehy  
J. William Kearns, Jr.  
Dr. Lorence B. Simonsen  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the meeting held November 19, 1975 were approved upon a motion by Dr. Simonsen and seconded by Mr. Kearns.

The Board next reviewed the Executive Secretary's Report. Chairman Burke asked about the secretarial position and the Executive Secretary said they were screening applicants. It was also noted that Mary Andridge had been promoted to the accountant position, and Margaret Ramberg to the Administrative aid position and that a new girl, Sharon Skaggs, had been hired to fill Mrs. Ramberg's position of accounting clerk. Chairman Burke asked about the status of conversion and the Executive Secretary reported that we expected a dump of our entire membership file which would be in the form of Microfiche and that we would have to purchase a couple of portable readers. This would enable us to take the entire active membership file when we have field work. The Chairman ordered that the Executive Secretary's Report be placed on file.

The actuary for the system, Mr. Alton Hendrickson, was admitted to discuss the revised actuarial valuation. Mr. Hendrickson commented that with the current interest assumption the Board had recommended, it was reasonable to assume a higher salary assumption and that he had prepared the valuation on actual experience of the system. The results were that costs were up slightly, due to two reasons, the first being the change in formula providing higher benefits. The second being that although a higher salary assumption does increase the cost to the system, additional revenue can be expected by the increased contributions so that costs to the system are not increased significantly but you are dealing with larger numbers. Mr. Hendrickson felt the salary assumptions were very realistic and he was quite satisfied with the result. He stated that in addition to an inflationary increase of 5%, you must also consider increases in salary due to merit increases and that this was taken into account in the valuation. Mrs. Colburg asked what the overall increase to the system was and Mr. Hendrickson said about 6%. Mr. Hendrickson felt that the current salary assumptions were as liberal as any system of which he was aware. The Executive Secretary commented that even with the



increased salary assumption it only increased the funding period to 46 3/4 years. Mr. Dennehy asked what was a good funding period and Mr. Hendrickson said that 40 years was considered good, but again this is an arbitrary figure but one that is widely suggested. He did recommend that once a reasonable set of assumptions were adopted that they not be changed too quickly in order to determine whether a proper direction has been assumed and so that actuarial gains and losses can be calculated. Assumptions can be reviewed to determine their validity. With the records now available through data processing, actuarial gains and losses can now be determined. It is quite a complex calculation but does provide guidelines to the Board as to how reasonable the various assumptions are. Dr. Simonsen questioned the effect of population trends on the system and Mr. Hendrickson said that the increased population will reduce the cost to the system since new members do not bring past service liabilities with them. Mr. Kearns moved that assumptions in the valuation be adopted which was seconded by Mrs. Colburg. The motion was approved.

The Board then considered obtaining qualifications from the Internal Revenue Service of the retirement plan. The Executive Secretary commented that the idea of qualifying plans has been discussed at all of the recent National Council of Teachers' Retirement (NCTR) conventions and that the Internal Revenue Service had served the Missouri System with notice that they must qualify their plan or face past due taxes and fines. This could be intended as a warning to other retirement systems to get their house in order or perhaps Missouri was just in line for an audit. He pointed out that, in going through correspondence stored downstairs, in 1958 the system had a letter from the IRS that the system did not qualify under the requirements set forth and in view of this letter the responsible action to take is to qualify the plan. The IRS always treated the plan as a qualified plan for income tax purposes. Mr. Hendrickson then commented on the fact that very few public systems have qualified their plans because of the sovereignty of the state. He then commented on the procedures that private systems must follow to qualify. He cautioned that even though the IRS treats public plans as qualified, the members and the State could lose all tax advantages that a qualified plan has. Even though we may be a tax exempt organization, any monies established in a trust fund are subject to tax as well as the earnings on the trust fund if the plan is not qualified. Also, if the plan is not qualified, the members would be liable for taxes on the employer contributions.

Certain tax advantages are also available to beneficiaries receiving death benefits. One of the conditions of qualifications not now present is a non-reversionary clause which states that in no event can the money accumulated go back to the employer. Mr. Hendrickson commented on the 1958 letter and the reasons stated why the plan did not qualify. He





further stated that there aren't any serious problems that future legislation could not remedy with the exception of the non-reversionary clause since the legislature might balk at this legislation. He also commented on the provisions of the Employee Retirement Income Security Act (ERISA) and what the consequences would be on public systems if similar legislation was enacted for public systems. Qualification would mean working with the IRS and once it is brought to light, it would have to be followed through. Mr. Dennehy commented that in view of the letter received, he would be highly favorable for qualifying the plan. Mr. Hendrickson recommended that we find out what legislation is needed and then seek the legislation in the 1977 session. Mrs. Colburg then made a motion that the Board authorize the Executive Secretary to proceed with discussion with the IRS for the purpose of seeking formal approval for getting plan qualification and to authorize the Executive Secretary to retain the services of Hendrickson and Bird for assistance in qualifying the plan.

The motion was ammended by Mr. Kearns that the Board had taken the position of obtaining formal qualification from the IRS and to authorize the Executive Secretary to seek a favorable letter of determination from the IRS regarding the formal qualification of the Teachers' Retirement Plan. The motion was seconded by Mr. Dennehy and approved.

Dr. Simonsen then moved that the firm of Hendrickson and Bird be retained for an amount not to exceed \$1500.00 for assistance in obtaining a formal letter of determination from the IRS. The motion was seconded by Mr. Kearns and approved by the Board. Mr. Hendrickson was excused from the meeting.

The financial reports for the months of November, December, and January were reviewed by the Board. After review by the Board, the Chairman ordered the financial reports be placed on file for record and future reference.

The Executive Secretary presented the budget status report and explained that we had expended 75% of our budget for contracted services with only 58% of the year elapsed, due to unanticipated increases in data processing costs. As a result, a request for a budget amendment for an additional \$20,213.00 was necessary.

Mr. Dennehy moved that the budget request be authorized. The motion was approved after a second by Mrs. Colburg.



The Executive Secretary presented a letter from the Board of Investments requesting approval by the Teachers' Retirement Board to eliminate mortgage insurance on conventional loans on residential housing. The Executive Secretary said the Montana Bankers' Association and the Real Estate Committee that has been meeting with the Board of Investments had asked that their requirements be deleted. This would reduce the cost of the loans by  $\frac{1}{4}$  of 1%. The Investment Board has adopted the policy that this requirement be dropped and are asking for concurrence by the Teachers' Retirement Board. Because of the large amount of down payment required by conventional loans it was felt that the mortgage insurance was an unnecessary cost. Dr. Simonsen, in looking at the mortgage delinquency report, was dubious in adopting the policy. The Executive Secretary responded by saying that the delinquent loans are largely FHA and VA Loans. Discussion then ensued as to whether the Board should adopt certain guidelines as to when foreclosure proceedings should start. Mrs. Colburg questioned whether the Board has the responsibility in lieu of the Investment Board's responsibility for investing. The Executive Secretary replied that the matter of who is responsible for mortgage loans has not been decided, but probably until it is, the Board is responsible for delinquent mortgages.

Mrs. Colburg next moved that the Board concur in the request by the Board of Investments to eliminate the mortgage insurance requirement on conventional residential mortgages which was seconded by Mr. Dennehy. The motion was approved. Mr. Kearns requested the minutes show that he abstained from voting.

Dr. Simonsen moved that the Board concur with the recommendation of the legislative auditor that the Board of Investments assume all mortgage accounting and collection functions and that a letter be sent to the Board of Investments so advising them. The motion was seconded by Mr. Kearns and approved by the Board.

The Board next discussed holding a meeting with various educational groups prior to the next meeting of the Board to discuss any legislation that might be proposed affecting the Retirement System. The meeting date was tentatively set for May 7, 1976.

Under new business, the Executive Secretary stated that Donald W. Douglas retired July 1, 1975 and on September twenty-second we received a letter from the clerk asking that contributions for July 1975 be transferred to the Public Employees' Retirement System. Mr. Douglas had requested that contributions be withheld and reported to PERS. The superintendent at Hardin, Dr. Anderson, indicated in a phone conversation that Mr. Douglas was still employed in the same capacity for July and August.





This would seem to indicate that Mr. Douglas was not eligible for retirement on July 1, 1975, and this information was given to Mr. Douglas in a phone call. Mr. Douglas disagreed with this determination. Mr. Douglas then wrote a letter stating that there was a misunderstanding in the phone call with Dr. Anderson and Mr. Douglas claimed that his contract with the Hardin School District expired June 30, and that the work that ensued has no bearing on his Teacher's Retirement. The Executive Secretary then requested a letter from Dr. Anderson but instead received a letter from the clerk. The Board decided that until we get documentation from the Superintendent indicating whether his employment constituted membership in PERS or TRS, a determination could not be made.

The Board next considered a request from a Carl Wambolt to allow purchase of service as a employee of the U. S. Extension Service at MSU should he decide to take a position covered by TRS. The Board suggested the Executive Secretary talk to Mike Young, and barring any legal ramifications, then proceed to deny the request. The motion was moved and seconded.

The Executive Secretary advised that we are due for an audit and the procedure to be followed is detailed in a memorandum from the Legislative Auditor. A decision as to who will perform the audit will rest with the Legislative Audit Committee. Dr. Simonsen moved that the Legislative Audit Committee be authorized to select the firm to perform the audit. The motion was seconded by Mr. Kearns and approved by the Board.

The Board, after thorough review, approved the following applications for retirement, survivor's, and disability benefits upon a motion by Mr. Dennehy and seconded by Dr. Simonsen:

APPLICATIONS FOR RETIREMENT	<u>AMOUNT</u>	<u>AGE</u>
Boyle, Vincent P.	\$ 206.07	60
Carlson, Helgs E.	83.20	55
Christensen, Isabel	514.76	62
Christopherson, Helen F.	161.29	61
Dalley, Ronald R.	90.00	60
DeWitt, Hope E.	81.31	55
Field, Clara A.	179.63	60
Gilfeather, Margaret	76.06	64
Heller, Florence T.	328.47	65
Hockett, Lorraine B.	733.74	61
Lammers, Freda G.	415.61	62
MacDonald, John G.	121.53	60
McCartney, Meda D.	130.52	60



RETIREMENT APPLICATIONS - Con't	AMOUNT	AGE
Meisner, Shirley	\$ 66.67	60
Russell, Josephine	180.71	61
Rydell, Oscar	66.37	60
Sawatzky, Harry	352.06	64
Scully, Madalyn	85.02	55
Sieler, Rose	159.77	59
Swensrud, Hazel	42.67	56
Trygg, Katherine	78.09	59
Zadra, Charles R.	230.13	55

## DISABILITY APPLICATION

Hoover, Carol	56
Retinitis pigmentosa (retinal atrophy)	

SURVIVORS' BENEFITS	AMOUNT	AGE
Aubert, Esther L. (George J. Aubert, deceased)	327.32	53
Cahill, Ruth B. (Clarence Cahill, deceased)	280.29	71
Erickson, Ruth M. (Wm. L. Erickson, deceased)	464.38	52
Gibson, Marcella M. (John Gibson, deceased)	519.72	49
Johnson, Mary Lou (Thomas Johnson, deceased)	372.99	55
Kennedy, Janeth (Margaret Kennedy, deceased)	70.60	25
McKeen, Norman E. (Margaret McKeen, deceased)	72.12	48
Moodry, Joan L. (Fred Moodry, deceased)	480.98	43
McLaughlin, Clifton W. (Evelyn S. McLaughlin, deceased)	401.08	64
Sanders, Dana L. (Margaret Kennedy, deceased)	73.36	30
Miller, Thelma (Carol Miller, deceased)	116.41	53



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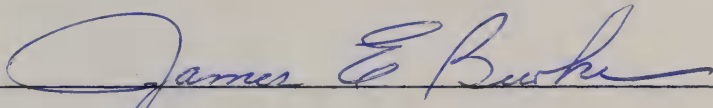
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SURVIVOR'S BENEFITS - Con't	AMOUNT	AGE
Thiegs, Richard T. (Lola Thiegs, deceased)	187.09	54

Discussion next centered on whether a representative should be sent to the National Conference of Public Employees' Retirement Systems in Atlanta, Georgia, in late March. The Executive Secretary stated that there were no funds available for additional travel. Mr. Kearns indicated that he might attend at his own expense.

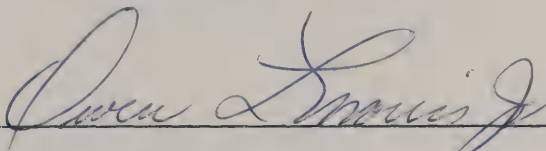
The next meeting was tentatively scheduled for May 7, 1976.

The meeting was adjourned at 1:15 p.m. upon a motion by Mr. Dennehy and seconded by Mr. Kearns which was approved.



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James E. Burke, Chairman



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Owen L. Morris, Jr.  
Executive Secretary



## EXECUTIVE SECRETARY'S REPORT

February 24, 1976

We are in the final stages of "debugging" our computer system and should be current in our posting of accounts by the end of the month. At that time we will be able to get a "drop" on microfiche of each member's account so that we can more easily provide estimates and other information to the members. The requests for retirement estimates have started coming in and will continue until school is out.

The monthly reports from the Statewide Budget and Accounting System are also now provided to us on microfiche and we have purchased a microfiche reader. We will probably purchase two more readers soon. If we can find a portable microfiche reader to use in the field, we can carry our entire membership record with us when traveling.

We have had some personnel changes due to Mike Holland's resignation effective January 1, 1976. Mary Andridge has been promoted to Accountant and Margaret Ramberg to Administrative Assistant. Sharon Skaggs has been hired as Accounting Clerk. All are doing a good job in their new assignments.

Our Secretary, Linda Girdler, has resigned to accept a better position and this meeting will be her last day. Kay Schmidt has been hired as Secretary.

Both Mike and Linda did an excellent job for us and we sincerely hate to lose them.

Travel has been limited since our last meeting because of the holidays and because of work in the office. However, we did hold meetings with members in Kalispell, Townsend and at Montana State University.





CONFERENCE TELEPHONE CALL  
TEACHERS' RETIREMENT BOARD

March 31, 1976

At 2:00 p.m., March 31, 1976, a conference telephone call was held. Those participating were:

James E. Burke, Chairman  
Dolores Colburg  
J. William Kearns, Jr.  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary  
J. Michael Young, Administrator, Insurance and  
Legal Division, Department of Administration

The purpose of the call was to discuss a request for the purchase of credit for out-of-state teaching service at Notre Dame University by Robert Sullivan, Dean, School of Law, University of Montana. A copy of a letter from the law firm of Boone, Haddon and Karlberg is attached hereto and made a part of the record.

Mr. Young explained to the Board that the request was based on the law as it read prior to July 1, 1971.

After lengthy discussion, the Board reaffirmed its previous position that out-of-state teaching service at a private school or institution does not qualify as creditable service.

Mrs. Colburg moved that Mr. Sullivan's request be denied and that a contested case hearing be held in accordance with the Montana Administrative Procedures Act, and that Mr. Young be appointed as Hearing Examiner and the Board hire an attorney to represent them at the hearing. The motion was seconded by Mr. Kearns and approved.

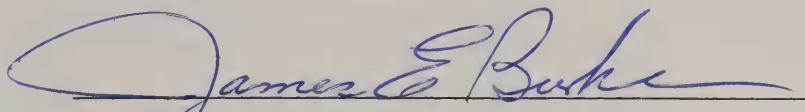
The Executive Secretary next asked for a determination of whether full credit should be allowed for the teachers in Billings that were on strike at the beginning of the current school term. In the discussion that followed, the Executive Secretary said that in a publication called "Pension World", it was stated that, under the provisions of the National Labor Relations Act, strikers retain their status as "employees" if the strike is not illegal. A strike is regarded as a concerted action for the employees' mutual protection. As long as it remains legal in purpose and method, it is completely protected by law. The



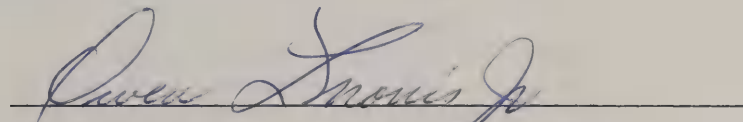
Conference Telephone Call - Con't

Executive Secretary stated he had consulted with the Labor Relations Unit of the Department of Administration and had verified that the statements in "Pension World" were correct. Mrs. Colberg stated that since the strike was legal, she would move that the teachers in Billings be considered to be in an employed status during the period while on strike. Mr. Kearns seconded the motion, which was approved.

The conference call was adjourned at 3:00 p.m. upon a motion by Mr. Kearns, seconded by Mrs. Colburg and approved.



James E. Burke, Chairman



Owen L. Morris, Jr., Executive Secretary





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SPECIAL MEETING

TEACHERS' RETIREMENT BOARD

April 12, 1976

A special meeting of the Teachers' Retirement Board was called to order at 5:00 p.m., April 12, 1976, by the chairman. Those present:

James E. Burke, Chairman  
Dolores Colburg  
J. William Kearns, Jr.  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

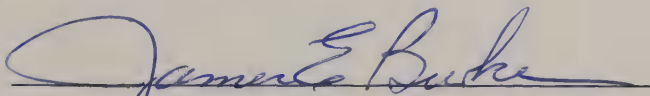
The Executive Secretary informed the Board that he had overlooked the fact that the budget did not contain sufficient funds to retain legal counsel to represent the Board if contested case hearing were held in the matter of Robert Sullivan's request to purchase out-of-state teaching service at Notre Dame University and that a budget amendment would be necessary. He further stated that he felt a budget amendment would be difficult to justify when the legal services of J. Michael Young were available to the Board without cost.

Mr. J. Michael Young, Administrator, Insurance and Legal Division, Department of Administration, was admitted to the meeting and outlined the legal position of the Board.

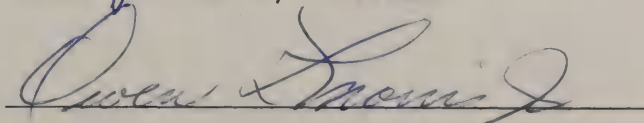
After discussion, Mrs. Colburg moved that the Board confirm its action during the conference telephone call of March 31, 1976 denying Mr. Sullivan's request to purchase credit for service at Notre Dame University. Dr. Simonsen seconded the motion which was approved.

Dr. Simonsen then moved that the Board rescind its previous action that a contested case hearing would be held but rather to inform Mr. Sullivan that his request was denied and his cashier's check returned and that he be informed that he could request a contested case hearing in accordance with the Montana Administrative Procedures Act within 30 days. Mr. Kearns seconded the motion which was approved.

The meeting was adjourned at 6:00 p.m. upon an approved motion by Mr. Kearns, seconded by Mrs. Colburg.



James E. Burke, Chairman



Owen L. Morris, Jr., Executive Secretary



# EXECUTIVE SECRETARY'S REPORT

May 7, 1976

We completed posting through December and received our first "drop" of our active accounts, on March 26, 1976, on microfiche. The system seems to be adequate and the microfiche records will be most valuable to us, especially in the field.

Bob Johnson and I have been shopping for portable microfiche readers but we haven't found exactly the right type. William Ehreth from records management was to look for readers to meet our needs at an equipment showing in Chicago this past week.

Our accountant, Mary Andridge, has put in many extra hours making the required corrections so that our posting could be caught up. By the end of the fiscal year we should be completely current in posting our active records.

We have hired a new Secretary-receptionist, Kristine Worthen, and have been able to answer all correspondence within two days after receipt.

Spring recesses at many of the schools and education organization meetings in Helena this spring have resulted in quite a few visitors. We continue to have a large number repaying withdrawals and buying out-of-state service.

We have already received over fifty applications for retirement at the end of the school year. However, we do not anticipate much of an increase in the number of retirements this year over last year.





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RETIREMENT BOARD MEETING

May 7, 1976

The meeting was called to order at 1:30 P.M. by the Chairman with the following present:

James E. Burke, Chairman  
J. William Kearns, Jr.  
Lorence B. Simonsen  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the regular meeting held February 24, 1976 were approved upon a motion by Dr. Simonsen and seconded by Mr. Kearns.

The minutes of a conference telephone call on March 31, 1976 were approved upon a motion by Mr. Kearns and seconded by Dr. Simonsen.

The minutes of a special meeting were approved after a motion by Dr. Simonsen and seconded by Mr. Kearns.

The board next reviewed the Executive Secretary's report which was ordered placed on file for future reference by the Chairman, Mr. Burke.

Next to be considered were the Mortgage Delinquency report and the investment reports. After considerable discussion, the Chairman ordered the reports placed on file.

Under old business, the board reviewed qualification of the retirement plan with the Internal Revenue Service. The Executive Secretary presented a letter sent to the Internal Revenue Service on behalf of the Teachers' Retirement System by Alton P. Hendrickson for a formal determination of qualification. In Mr. Hendrickson's opinion, two amendments would be necessary before a favorable determination would be made by the Internal Revenue. The required amendments are:

Section 75-XXXX. RESTRICTION ON THE USE OF THE FUND. Prior to the satisfaction of all liabilities with respect to the members, their beneficiaries and the reasonable expenses incurred in the administration of the retirement system, no portion of the corpus or income of the trust fund shall be used or diverted to any purpose other than for the exclusive benefit of the



members, their beneficiaries and the expenses of administering the retirement system.

Section 75-XXXX. TERMINATION PROCEDURES.

Upon complete discontinuance of contributions, termination of the retirement system or termination of a substantial group of members constituting a partial termination of the retirement system, each member's accrued retirement allowance shall become fully nonforfeitable as of that date to the extent then funded.

The Executive Secretary then stated that no action by the board was necessary at this time since the board had previously directed the Executive Secretary together with the actuary, Mr. Hendrickson, to take the required steps to obtain a formal determination of qualification of the Teachers' Retirement plan from the Internal Revenue Service.

The Executive Secretary then asked for a determination of benefits payable to Donald W. Douglas. The Executive Secretary read letters written to Dr. Willard Anderson, Superintendent of Schools at Hardin, requesting information concerning Mr. Douglas' employment status during the months of July and August, 1975 and also read Dr. Anderson's replies. Mr. Morris further stated that he had informed Mr. Douglas of the date of today's meeting and invited Mr. Douglas to attend. He stated that Mr. Douglas had written stating he would be unable to attend the meeting but asked that his letter be read to the board, which was done at this time. After a thorough examination of the letters, Mr. Kearns moved that Mr. Douglas be denied benefits for the months of July and August, 1975. Dr. Simonsen seconded the motion which was approved by the board. In a discussion that followed, it was decided that 25% of the monthly benefit be withheld until the amount of the two months had been recovered, rather than cease benefit payments for two months.

Under new business, the board then considered possible legislative matters as a result of a meeting held earlier in the day with representatives of various educational organizations and faculty members of the University system. Included among the items the board was asked to consider were:





1. a one-time option to allow membership in TIAA-CREF (Teachers' Annuity Association-College Retirement Equities Fund) rather than compulsory membership in TRS by University personnel.
2. Payment from the system for members toward health insurance plans.
3. Coverage for administrative staff members of educational related organizations.
4. Credit for industry related service.
5. Credit for service in private institutions.
6. Cost of living increases for retired members.
7. Possibility of non-contributory system.

In the ensuing discussion, the board felt that it could not take action on these matters at this time. The Chairman directed the Executive Secretary to obtain copies of legislation that was drafted concerning these items for further study by the board, so that a determination could be made whether such legislation could be supported. The Executive Secretary was further directed to gather information concerning those items that might effect our application for a favorable determination of qualification from Internal Revenue Service and the proposed pension reform of public retirement systems, and to obtain information from the states that had implemented non-contributory systems.

Discussion then concentrated on allowing credit for service in private institutions. Dr. Simonsen moved that the Executive Secretary be instructed to write the Attorney General requesting an official opinion regarding the legality and constitutionality of allowing credit for service in a private institution and also whether, through legislation, current employees of private schools and institutions could be covered by the Teachers' Retirement System. The motion was seconded by Mr. Kearns and approved.

The board, after thorough review, approved the following applications for retirement, survivor's and disability benefits upon a motion by Mr. Kearns and seconded by Dr. Simonsen:



APPLICATIONS FOR RETIREMENT	<u>AMOUNT</u>	<u>AGE</u>
Anderson, Daisy A.	\$ 181.11	62
Bruer, William L.	147.07	55
Davis, Iva A.	53.95	55
Herbolich, Margaret	456.03	63
Iverson, Elsie M.	104.91	58
Nelson, Helen M.	241.00	62
Ostrom, Theodore	161.83	60
Sherman, Helen	158.87	55
Soulsby, Arthur E.	989.04	65
Zanto, Ruth	43.51	58

#### DISABILITY APPLICATIONS

Allgaier, Vivian (Metastatic Adenocarcinoma)	257.33	52
Ballard, John (Atheroscleuotic Heart Disease)	648.94	49
Johnston, Clarence (Asthma and Legal Blindness)	676.77	55

#### SURVIVOR'S BENEFITS

Barta, Jeral (Surv. Victor Barta, deceased-active)	249.32	52
Fransham, Jane (Surv. Robert W. Fransham, deceased)	104.99	53
Hindle, Augusta M. (Surv. James M. Hindle, deceased)	151.07	75
Mercer, Mildred (Surv. Ralph Mercer, deceased)	116.09	77
Spaeth, Alfred G. (Surv. Lucy Spaeth, deceased-active)	77.14	64
Umber, Harold W. (Surv. Lorna Umber, deceased-active)	106.61	35

A discussion followed concerning the National Conference on Teacher Retirement to be held in Honolulu September 25 to October 2, 1976. The Executive Secretary was directed to prepare the request and justification for out-of-state travel for the board and the Executive Secretary and

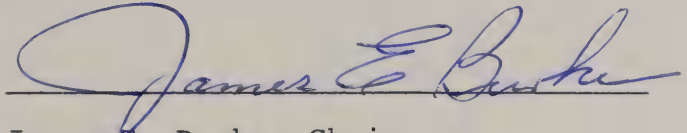




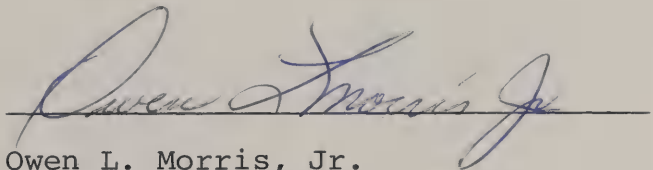
Assistant Executive Secretary for approval by the Chairman.

The next meeting was tentatively scheduled for August 6, 1976 in Great Falls at the Heritage Inn.

The meeting was adjourned at 4:30 P.M. upon a motion by Dr. Simonsen and seconded by Mr. Kearns which was approved.

A handwritten signature in blue ink, reading "James E. Burke", written over a horizontal line.

James E. Burke, Chairman

A handwritten signature in blue ink, reading "Owen L. Morris, Jr.", written over a horizontal line.

Owen L. Morris, Jr.  
Executive Secretary



CONFERENCE TELEPHONE CALL

June 1, 1976

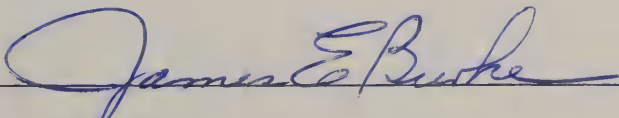
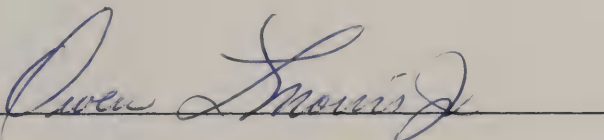
At 10:45 A.M. on June 1, 1976 a conference telephone call was held with the following participating:

James E. Burke, Chairman  
Dolores Colburg  
Lorence B. Simonsen  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The Executive Secretary informed the Board that the Board had been served with a Summons and Complaint in the Robert E. Sullivan case requiring show cause action in the District Court of the Fourth Judicial District in Missoula on June 10, 1976. The Executive Secretary requested that J. Michael Young be authorized to represent the Board.

Mrs. Colburg moved that Mr. J. Michael Young be authorized to represent the Teachers' Retirement Board in this matter. The motion was seconded by Dr. Simonsen and approved by the Board.

The Board then decided to table Dr. Simonsen's motion of May 7, 1976 requesting an Attorney General's opinion concerning the legality and constitutionality of granting credit for service in a private school or institution pending the outcome of the Sullivan case.

  
James E. Burke, Chairman  
Owen L. Morris, Jr., Executive Secretary





## EXECUTIVE SECRETARY'S REPORT

August 6, 1976

As usual, since school has been out for the summer, we have had a number of visitors in the office. Bob Johnson was particularly busy during the two weeks in July while I was on active duty with the Army Reserves.

We have calculated and processed about 210 retirements and the first payments for those retiring July 1, 1976 were mailed, together with the others, on the last working day of July.

Those who had retired prior to July 1, 1976 were granted their increase of  $1/4$  of 1% for each month they had been retired since July 1, 1975. We were able to run the increases on the computer and everything went quite smoothly.

We are in the process of balancing out our posting and preparing for the audit which will be conducted by the C.P.A. firm of Holmes and Turner of Bozeman. They were awarded the audit by the Legislative Audit Committee on the basis of a \$2,500.00 bid as compared to the \$5,400.00 which we paid two years ago. It will be interesting to see how thorough an audit we get for that price. Of course, part of the audit, the audit of our administrative claims, was conducted by the Legislative Auditor in connection with the audit of the Department of Administration, so the scope of the audit conducted by Holmes and Turner will be reduced.

We have another new secretary-receptionist, Patricia Petersen, who has been with us since June first and has proven to me most efficient and competent. Hopefully, she will be with us for awhile.



MINUTES

TEACHERS' RETIREMENT BOARD

August 6, 1976

Heritage Inn  
Great Falls, Montana

The meeting was called to order at 1:30 p.m. by the Chairman with the following present.

James E. Burke, Chairman  
James N. Dennehy  
J. William Kearns, Jr.  
Lorence B. Simonsen  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the regular meeting held May 7, 1976 were approved upon a motion by Dr. Simonsen and seconded by Mr. Kearns.

The minutes of a conference telephone call on June 1, 1976 were approved upon a motion by Mr. Kearns and seconded by Dr. Simonsen.

The board next reviewed the Executive Secretary's report. After discussion regarding the forthcoming audit of Teachers' Retirement System by the firm of Holmes and Turner, the Executive Secretary's report was ordered placed on file for future reference by the Chairman.

Next to be considered were the investment reports and the mortgage reports. In the discussion of the mortgage reports, the board expressed concern over the delinquencies of some of the servicing agents. Dr. Simonsen moved that the Executive Secretary correspond with the Bank of Baker, the Commerce Mortgage Company, and the First Security Bank of Miles City, expressing our concern over the number and percentage of delinquencies. The motion was seconded by Mr. Kearns and approved by the board.

The board next considered the proposed budget for the 1978-79 biennium. The Executive Secretary and the Assistant Executive Secretary explained the proposed budget item by item to the board. After lengthy discussion, particularly concerning the modifications to the budget and the new position asked for, Mr. Dennehy moved that the budget be approved. Dr. Simonsen seconded the motion which was approved by the board. The proposed budget was ordered placed on file as a matter of record.



Under old business, the next matter to be discussed was the Robert E. Sullivan case. The Executive Secretary reported that the attorney for the board, Mr. Michael Young, had advised that he had filed a motion for a Change of Venue from the District Court in Missoula to the District Court in Helena. The Judge in Missoula currently has the motion under advisement and it may be as much as ninety (90) days before any decision is made.

The board next discussed the selection of delegates to the National Council on Teacher Retirement to be held in Honolulu, Hawaii, September 26 through October 2, 1976. Chairman Burke stated that he would be unable to attend the conference because of a conflict in dates. The board discussed the advantages of as many board and staff members as possible attending the one conference as opposed to sending fewer people to more conferences. Mr. Dennehy moved that Mr. Kearns, Dr. Simonsen, Mr. Dennehy and the Executive Secretary and the Assistant Executive Secretary be authorized to attend the National Council on Teacher Retirement. The motion was seconded by Mr. Kearns and approved by the board.

Under new business, the board next considered a request by Dr. Negranda Pandya that he be allowed to buy credit for out-of-state employment as a Graduate Assistant. The Executive Secretary stated that the current rules and regulations of the board did not allow credit for service as a Graduate Assistant in state, and, as such, he felt that similar service could not be granted as out-of-state service.

Considerable discussion followed concerning whether the rules and regulations should be changed to allow credit as a Graduate Assistant. Dr. Simonsen moved to postpone consideration of Dr. Pandya's request pending a review by the Executive Secretary of the ramifications of implementing a change in policy to cover service as a Graduate Assistant. Mr. Dennehy seconded the motion which was approved by the board.

The next item to be considered was possible forthcoming legislation. The Executive Secretary reported that, although no specific legislation has been drafted to date, he had been informed by Mr. A. G. Erickson, representing the Montana Retired Teachers' Association, that they would ask for increases in benefits to those retired and were currently studying means to finance such a proposal. The Retired Teachers' Association will probably also ask for a change in the law to provide for a retired member of the Teachers' Retirement Board. The Executive Secretary further stated that the MEA may present legislation to provide for coverage of their professional staff under the Teachers' Retirement System.

After lengthy discussion concerning the various changes that could possibly be suggested, it was the concensus of the board that no action could be taken regarding legislative matters until the specific bills had been drafted and presented to the board.

Applications for retirement, survivor's and disability benefits were next considered by the board.

During the discussion of the disability retirement applications, it was the concensus of the board that there was insufficient documentation to approve Mr. Lloyd Kemp's application for disability benefits. Mr. Dennehy moved that Mr. Kemp's application be tabled until the necessary documentation was received by the Executive Secretary. The motion was seconded by Mr. Kearns and approved by the board.

After thorough review, the following applications for retirement, survivor's and disability benefits were approved upon a motion by Mr. Dennehy and seconded by Mr. Kearns.

<u>MAY RETIREES - 1976</u>	<u>AMOUNT</u>	<u>AGE</u>
Johnson, Audrey M.	\$ 56.00	55
Keaster, Margaret E.	70.32	55
Miklich, Josephine	216.11	66
Stratton, Austin W.	62.62	55

MAY SURVIVOR'S BENEFITS

Brown, Geniece	385.98	45
(Surv. Wilfred Brown, Active)		

JUNE RETIREES - 1976

Campbell, Lyle	89.74	56
Dagnall, Irene	119.47	65
Jarussi, Hugo	78.55	60
Matchett, Marjorie L.	87.27	58
(back on retirement)		
Nelson, Wilma S.	122.01	60

JULY RETIREES - 1976

Ancell, John E.	99.60	60
Anderson, Marjorie	723.00	62
Anderson, Mary	352.82	65
Anderson, Ruth L.	412.93	63
Andrews, Ruth M.	89.44	57
Andrie, Eugene	832.32	62
Bailey, Blanche V.	529.11	62

<u>JULY RETIREES - 1976 - Con't</u>	<u>AMOUNT</u>	<u>AGE</u>
Bailey, Ethel F.	175.89	71
Baker, Marie	204.84	65
Barnell, Royal G.	959.51	62
Basti, Alice	603.97	61
Bauer, Richard C.	364.35	55
Baumgardner, Margaret	187.05	63
Bickell, Laura T.	608.05	62
Bilant, Joe	505.60	63
Blackmer, Maxine	377.66	61
Blaquiere, Mabel	374.37	60
Bleyhl, Helen	388.94	64
Bowler, Dona K.	135.23	63
Bradley, Charles	850.25	65
Brekke, Tressa	66.87	60
Brist, Hazel	361.64	59
Brister, Marjorie M.	226.75	66
Brown, Cleona	296.72	65
Brown, Walter	820.89	60
Bruffey, Margaret	426.16	65
Bruggeman, L. Fredrick	715.42	62
Bryson, E. Dale	294.31	59
Bucy, Helen M.	528.23	60
Burcham, Genevieve S.	419.23	61
Burgess, Blanche	174.07	66
Butchart, Maro	808.72	61
Butorac, Gertrude Z.	566.58	62
Butters, Manly G.	760.00	62
Cain, Virginia	288.34	55
Cairns, Della V.	822.30	60
Calovis, Alice S.	252.50	58
Carpenter, Minnie M.	330.20	65
Carver, William W.	457.69	63
Cervenka, Lorraine M.	351.21	62
Chauner, Edward	198.91	55
Conaway, June	333.88	61
Conkling, Emma O.	477.05	63
Conroy, Beatrice M.	941.15	67
Curry, Marie	199.71	62
Dalton, Priscilla	664.53	60
DeLapp, Alice	505.39	62
Dempsey, Dorothy L.	458.39	60
Deloughery, Leonard	597.28	62
Dosdall, Alta	206.05	55
Doty, Gerald H.	746.66	66
Doty, Hope	305.41	65
Dresen, Helen M.	443.04	65
Driscoll, Ann M.	254.05	61
Durkin, Mildred M.	398.89	65
Eik, Lillian B.	430.72	62

<u>JULY RETIREES - 1976 - Con't</u>	<u>AMOUNT</u>	<u>AGE</u>
Erickson, Helen	\$ 548.11	51
Etzold, Mary D.	233.22	54
Eudaily, Doris W.	420.27	60
Eudaily, Ralph S.	775.27	63
Feldman, Albert	631.15	62
Feldner, Allen L.	792.20	60
Felton, Virginia	586.80	62
Ferris, Helen	408.25	65
Flanagan, Fern	461.86	62
Gardner, Mary P.	235.78	66
Gibbs, Marian	538.83	63
Griffith, Olive	252.59	65
Gunderson, William	574.31	62
Guthrie, Harold	573.43	60
Hallford, Elsie A.	286.72	64
Hancock, Nina	344.21	66
Hanifen, Montana	311.94	63
Hansen, Gil F.	194.16	62
Harding, June K.	268.15	60
Harstad, Adolph L.	110.16	59
Harstad, Karsten	655.37	63
Hatch, Mollie	614.40	62
Haun, Ruth	625.92	57
Hawkes, Bessie	379.08	65
Hayes, Julia	153.96	65
Hayes, Margaret	147.84	56
Heinle, Myrtle	545.08	60
Herman, Robert	530.21	64
Hertzler, Alice	748.22	55
Hoepfer, Laurence	520.68	52
Holmes, Annabel	408.35	60
Holmes, Florence M.	683.28	62
Holte, Myrtle	526.89	60
Hubbard, Marie C.	329.46	61
Hull, Bessie M.	65.44	56
Hults, Lowell S.	722.40	66
Hutchinson, Hazel R.	326.38	60
Irion, Helen L.	451.15	58
Irions, Viola	299.47	60
Jackson, Thomas	147.87	70
Jarrett, Margaret M	346.53	60
Johnson, Ann S.	267.96	56
Johnson, Bernice	269.42	61
Johnson, Claire	354.45	64
Jones, Agnes	584.15	62
Karlin, Jules A.	903.99	62
Kent, Thelma A.	434.42	65
Kloster, Elmer C.	575.06	62
Langstaff, Adrian	834.27	58



<u>JULY RETIREES - 1976 - Con't</u>	<u>AMOUNT</u>	<u>AGE</u>
Larsen, H. Kleis	\$ 958.71	62
LeDoux, Jean	114.13	65
Leeman, Ellen M.	426.68	62
Lessley, Eula Mae	567.39	70
Loucks, Homer V.	1,103.63	60
Loucks, Kathryn	496.68	67
Lowman, Evelyn	342.77	62
Lyman, Roy G.	735.09	50
Madden, Catherine F.	805.99	66
Marks, Irene	409.03	62
Martin, Hattie	168.89	59
Matross, Marjorie	487.25	65
McBee Richard	1,149.31	60
McCabe, Helen	414.85	62
McCleave, Hilda	378.82	65
McGuire, Grace A.	500.78	65
McLellan, John	602.30	62
McNelis, Mary A.	873.69	65
Megrund, Adrian	571.59	57
Melby, Sidney	439.86	61
Miller, Gladys	393.77	66
Milroy, Irene	149.57	59
Mogle, Louise E.	567.75	58
Monson, Mildred	602.78	60
Moore, Paul J.	67.41	65
Munro, James J.	745.03	63
Murphy, Helen	641.77	61
Myers, J. Ray	750.41	65
Nelson, Philip C.	736.70	61
Ness, Candace	564.52	62
O'Connor, Eleanor	893.33	66
Olson, Alfons	646.44	61
Olson, Frances B.	262.87	57
Ott, Margaret E.	367.78	65
Paradise, Nina P.	505.57	63
Patek, Maxine	482.80	62
Pepper, Adeline P.	433.85	62
Percival, Mae	263.40	65
Petersen, Herman	770.68	59
Peterson, Bernice E.	228.21	63
Peterson, James A.	357.01	61
Peterson, Virginia H.	365.29	60
Platt, John W.	123.05	64
Postma, H. Marlin	494.34	61
Prather, Glenn	90.52	66
Prestbo, Oscar B.	811.90	64
Pust, Marie	260.55	62
Rantru, Belle K.	383.33	65
Richard, Viola	296.22	60
Rinker, Mildred M.	354.42	65

<u>JULY RETIREES - 1976 - Con't</u>	<u>AMOUNT</u>	<u>AGE</u>
Ripley, Alice	\$ 791.06	61
Rook, Fay B.	575.85	63
Rummel, Inez	319.31	66
Rummel, Josiah	574.91	65
Sagin, William N.	672.19	63
Scanlin, Millicent	383.23	65
Scheuneman, Adeline	644.55	61
Schmalz, Margaret	308.97	63
Schuchmann, Clarice	343.38	65
Shapovaloff, Lubov A.	222.55	66
Shaurette, Lois M.	272.94	62
Shea, Reva	453.90	65
Sheldon, Walter	497.50	57
Shoemaker, Theodore	812.89	61
Short, James	1,246.13	65
Skaw, Bernice	467.83	65
Smith, Theodora	405.81	61
Sommers, Vesta	471.21	66
Sorenson, Esther	690.03	60
Spragg, Phyllis	126.74	59
Steidl, Margaret	244.36	62
Stevens, Patricia	337.17	62
Stoltz, Ruth	345.22	62
Straugh, William G.	819.97	66
Swanson, Ada	310.63	60
Swant, Henrietta	335.42	66
Swenson, Kenneth	540.39	61
Swenson, Lola	649.89	59
Thompson, Mary	159.18	60
Thompson, Myra	333.97	66
Toepfer, Vivian H.	407.56	62
Toulouse, Wilhelmina	1,064.33	62
Tuomi, Elmer	771.47	63
Tuomi, Helen	337.42	64
Walborn, Frances E.	304.96	65
Waldron, Ellis L.	808.09	61
Walle, Mabel	233.82	65
Walton, Earl	344.18	63
Warner, Clayton H.	341.74	62
Watkins, Loretta	384.92	65
Weisz, Henry	443.31	62
White, Lucy	640.61	56
Whitney, Helen	240.30	58
Weigand, Roy V.	707.97	62
Wilcox, Ameera	572.49	61
Williams, Louise	659.81	63
Woodson, Agnes	895.66	65
Wrzesinski, Helen	503.12	65

<u>JULY SURVIVOR BENEFITS - 1976</u>	<u>AMOUNT</u>	<u>AGE</u>
McCleave, Hilda (Surv. Harold McCleave)	974.34	65

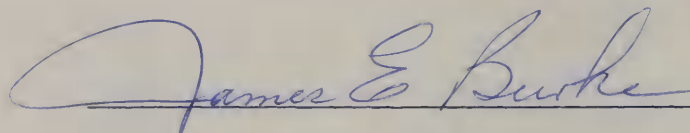
JULY DISABILITY BENEFITS - 1976

Demers, Martha J.	446.08	58
Gallemore, Dr. Melvin A.	277.26	59
Glazebrook, Joyce L.	Deceased 8/76	
Lebsock, Kay J.	184.68	40
Rhodes, Margaret S.	411.92	55

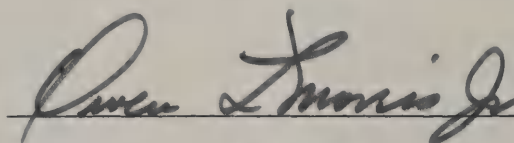
The final item of business was the election of officers. Mr. Kearns was elected Chairman upon a motion by Mr. Dennehy and seconded by Dr. Simonsen. Mr. Dennehy was elected Vice Chairman upon a motion by Mr. Kearns and seconded by Dr. Simonsen, with both motions being approved by the board.

The next meeting was tentatively scheduled to be held October 30, 1976, in Helena.

The meeting was adjourned at 4:30 p.m. upon a motion by Dr. Simonsen and seconded by Mr. Dennehy.



James E. Burke, Chairman



Owen L. Morris, Jr., Executive Secretary

EXECUTIVE SECRETARY'S REPORT

October 29, 1976

With the start of the new school term, together with preparing to run annual membership statements and providing information to the auditors, the staff has been taxed almost beyond capacity. To further complicate matters, a turnover in Systems Development personnel in the Data Processing Bureau has caused us delays and other problems in the preparation of the membership statements. We have had two people, working for the past three weeks, making adjustments that must be prepared manually before the statements can be run. We are hopeful, but not confident, that we will be able to run the statements by the time of the board meeting.

Bob Johnson and I will be making presentations at the MEA conventions to be held in Billings and Missoula. Bob will attend the convention in Billings, and I will be in Missoula. We did not have a request for our attendance at the MFT convention this year, but did provide them with information prior to their convention. Either Bob or myself will attend the convention of the Montana School Administrators on November 18, 1976, in Billings, to explain the retirement system.

We have received our second run of membership records on microfiche and the system seems to be working very well, with a few minor exceptions.

Alton Hendrickson and I met with Mr. John Howell, of Internal Revenue Service, recently, regarding our request for a favorable letter of determination of qualification of the Teachers' Retirement Plan. We expect to receive a reply from Mr. Howell within the next two or three weeks, advising whether the favorable letter will be issued, providing the necessary legislative changes are made. At that time, we will request the Legislative Council to prepare the necessary bills for us.



## MINUTES

## TEACHERS' RETIREMENT BOARD

October 29, 1976

The meeting was called to order at 9:30 a.m. by the Chairman with the following present.

J. William Kearns, Jr., Chairman  
James E. Burke  
Dolores Colburg  
James N. Dennehy  
Lorence B. Simonsen  
Owen L. Morris, Jr., Executive Secretary  
F. Robert Johnson, Assistant Executive Secretary

The minutes of the meeting held August 6, 1976 were approved upon a motion by Mr. Burke and seconded by Dr. Simonsen.

The Board next reviewed the Executive Secretary's report, which was ordered placed on file by the Chairman.

The board then reviewed the list of investments made since the last board meeting, and the equity performance results of the State Board of Investments, prepared by Scudder, Stevens and Clark. After thorough discussion and review, these reports were ordered placed on file for future reference.

Under old business, the next item was a discussion of the Robert E. Sullivan case. The Executive Secretary reported that the hearing was scheduled for October 26, 1976, but that it had been delayed at the request of Mr. Sullivan's attorney, and that it appeared that the hearing would be rescheduled for early December.

The second item to be discussed under old business was whether credit should be allowed for service as a Graduate Assistant, as a continuation of the request of Dr. Negranda Pandy, from the College of Mineral Science and Technology. The Executive Secretary reported that he had talked with the business managers at the various units of the University System, and all stated that it would be very difficult for them to determine how much teaching was actually performed, and in some cases the individual will not actually to any teaching but will simply be given a grant to help him finish his studies. There is no teaching time written into a contract, such as one-third time, one-half time, or two-thirds time, and all said that if they were to be required

to reconstruct the time that an individual actually spent teaching as a Graduate Assistant, they would be unable to do so.

Dr. Simonsen then stated that our law does provide for the purchase of up to two years of service while on leave. Dr. Simonsen then moved that Dr. Pandy's request for service as a Graduate Assistant be denied. The motion was seconded by Mr. Dennehy and approved by the board.

Under new business, the board next considered the request by Karl W. Erickson for a redetermination of the average final salary used in determining his retirement benefit. Mr. Erickson's retirement benefit had been calculated effective August 1, 1976, using salaries of \$25,600.00 for the 1974-75 school term, \$27,920.00 for the 1975-76 school term, and \$27,920.00 for the 1976-77 school term. The Executive Secretary explained that the law provided that an individual who did not complete a full school term was entitled to pay the contributions on the difference between the salary actually earned and the amount that would have been earned had he worked the full normal working time, and use the full year's salary in determination of his retirement benefits. Since Mr. Erickson was employed until July 16, 1976, he was allowed to pay the contributions on the full 1976-77 salary that would have been earned.

The Executive Secretary presented the following:

A letter from the Great Falls Superintendent of Schools and the Chairman of the School Board, shown as Exhibit A.

The addendum to Mr. Erickson's 1975-76 contract, shown as Exhibit B.

A letter which he had written to Mr. Karl Erickson, dated October 19, 1976, shown as Exhibit C

A letter from Karl Erickson, dated October 23, 1976, shown as Exhibit D.

The Executive Secretary then asked for a determination by the board whether the additional salary provided in the addendum to Mr. Erickson's 1975-76 contract should be used in the determination of the average final salary. Lengthy discussion ensued as to whether the additional payment made to Mr. Erickson was payment in lieu of unused vacation or whether the additional payment was for additional service not covered by his original contract. At this point Mr. Burke moved that Mr. Erickson's request to use his additional salary in the

determination of his average final salary be denied. Mrs. Colburg seconded the motion. The motion carried with Mr. Burke, Mr. Dennehy and Mrs. Colburg voting aye, and Dr. Simonsen abstaining.

Mrs. Colburg then asked Dr. Simonsen why he had abstained and Dr. Simonsen stated that he felt that the way the law was worded would allow the additional payment to be used in the determination of the average final salary. Mrs. Colburg then moved, since she had been on the prevailing side of the motion, to reconsider the previous motion. Mr. Dennehy seconded the motion which was approved unanimously by the board. All of the board members then expressed their concern over the inequities that might exist in such a situation, since, normally, public school teachers do not accrue vacation credits and the situation would only apply to administrators and certain university personnel. The board then reverted to the original motion by Mr. Burke to deny Mr. Erickson's request, which had been seconded by Mrs. Colburg. At this point the Chairman asked whether he was supposed to vote and the board stated that, "Yes, the Chairman always votes". Mr. Burke and Mr. Kearns voted for the motion, Mrs. Colburg and Dr. Simonsen voted against the motion, and Mr. Dennehy abstained. The motion failed.

Mrs. Colburg then stated that, since the matter required further consideration, she would move that the item be deferred until the next regularly scheduled meeting of the Teachers' Retirement Board. Mr. Dennehy seconded the motion which was approved unanimously.

The board next discussed the intent of allowing an individual to use a full year's salary in the determination of retirement benefits, for only a portion of the year actually worked. It was the consensus of the board that this situation was meant to apply to those who were forced to retire, due to unusual circumstances, prior to completing the entire year. Dr. Simonsen stated that he felt this was a matter that the board should consider and moved that, if necessary, appropriate legislation be presented to remedy any inequities that may currently be present. Mr. Dennehy seconded the motion, which was approved by the board.

At this point the Executive Secretary was requested to provide the board with whatever information might be available so that the board could make a determination on the matter, and propose remedial legislation if required.

Next under new business the Executive Secretary asked the board to review a physician's statement, received as a result of our disability review, for John B. Celar. The basis



upon which Mr. Celar was granted disability retirement was for an asthmatic condition, however, the current doctor indicated that Mr. Celar, in his opinion, was never unable to teach, and did not refer to the asthma condition upon which Mr. Celar was granted the disability. After considerable discussion concerning the discrepancy between the two physician's statements, Mr. Dennehy moved that we request a new physician's statement containing specific information regarding Mr. Celar's asthma. the motion was seconded by Dr. Simonsen and approved by the board.

Further, under new business, was the method of payment of interest to members' accounts. Currently, under the law, the Retirement Board has established the rate of regular interest credited to a member's account at  $5\frac{1}{2}\%$  per annum, compounded annually. For purposes of crediting interest for members withdrawing their contributions, the Executive Secretary requested approval to credit interest monthly, compounded annually, since we now have the capability with the computer. Mr. Dennehy moved the board's concurrence which was seconded by Mrs. Colburg and approved by the board.

The next item for consideration was possible legislation that might be proposed. The Executive Secretary reported that he had not as yet seen any legislation from the Retired Teachers' Association requesting increases in retirement benefits. He stated that he had provided Mr. A. G. Erickson with cost figures on various proposals, and that Mr. Erickson had agreed to provide us with information when they had determined exactly what they were going to ask for.

The Assistant Executive Secretary suggested that the board may wish to change the law regarding the amount a retired teacher can earn as a substitute or part time teacher following retirement. The present law provides that a retired member may earn up to 25% of his average final salary at retirement, in a substitute or part time position, in any fiscal year without jeopardizing his retirement benefits. Inequities exist under such an arrangement, since an individual who retired several years ago is only entitled to earn 25% of a much smaller average final salary than an individual who retired recently. After considerable discussion, the board suggested that the Executive Secretary try to arrive at a method to improve this section of the law, worded so that it would not have to be changed every legislative session.

Mr. Dennehy next asked whether the \$100.00 a month payable to minor children of a deceased member would apply to those members on a disability retirement. Currently, the law provides that the \$100.00 per month shall only be paid upon the death of an active member. Mr. Dennehy then suggested



that we consider changing the law to provide for payment of such a benefit for minor children of deceased members receiving a disability or other retirement benefit, as well as active members.

Chairman Kearns next asked the board's opinion about talking to the Board of Investments concerning the purchase of student loans. He stated that he believes that some states are investing in student loans, and that if the interest rate is commensurate with corporate bonds, the public relations value of investment in student loans might be advisable. The board discussed the security value and the default rate of student loans and whether they would be a desirable investment. Chairman Kearns then suggested that if the Executive Secretary finds it necessary to visit the Idaho Retirement System in the near future, he should inquire about the experience that state has had in the investment with student loans, and if it has been favorable, perhaps we should recommend such an investment to the Board of Investments. Chairman Kearns also suggested that we request to meet with the Board of Investments at their meeting to be held in January.

Applications for retirement, survivor, and disability benefits were next considered by the board. After thorough review, the following applications for retirement, survivor and disability benefits were approved upon a motion by Mr. Burke and seconded by Mrs. Colburg.

<u>JUNE 1976 - RETIREMENT BENEFITS</u>	<u>AMOUNT</u>	<u>AGE</u>
Nybo, Eunice M.	54.21	55

<u>JULY 1976 - RETIREMENT BENEFITS</u>		
Albrecht, Ruth M.	295.04	58
Catenaro, William A.	335.96	65
Chakos, Alta C.	328.14	61
Finnegan, Grace	711.46	63
Harper, Ernestine M.	321.56	62
Hartwick, Delbert	681.20	52
Harvey, J. Torrence	533.19	62
Helfert, Kathlyn A.	110.45	57
Johnston, Margaret	812.19	65
Kuhl, Valborg	138.69	65
Kuka, Betty L.	453.52	57
Robbins, Katherine	135.62	56
Toulouse, Margaret E.	494.38	61
Wilke, Dora	190.04	59
Zimmer, Anne E.	315.67	65

JULY 1976 - SURVIVOR BENEFITS      AMOUNT      AGE

Hormann, Darlene M. (surv. John A. Hormann, active)	340.77	49
Hormann, Douglas	100.00	15
Cox, Glen E. (surv. Virginia Cox, active)	72.80	56

AUGUST 1976 - RETIREMENT BENEFITS

Buckley, Lawrence F.	1,043.99
Brown, Almeda E.	518.05
Deck, Laura	189.67
Erickson, Karl W.	1,161.52
Struckman, Helen M	583.51
Swarthout, Harold	423.83
Wilson, Forrest	1,571.00

SEPTEMBER 1976 - RETIREMENT BENEFITS

Cook, Della M.	111.51	60
Esmay, Lulu	484.71	63
Hanson, Agnes O.	36.14	65
Nelson, Ethel	578.12	65
Purdy, Edward J.	364.93	55
Renne, Roland	1,112.36	70
Sheehy, Catherine	360.22	59

SEPTEMBER 1976 - SURVIVOR BENEFITS

Cox, Gary	44.38	24
Blackmore, Marsha	43.83	22
Meyer, Benita (joint surv. Velma Cox, active)	45.00	26
Angel, Carol (surv. Helen Struckman, active)	359.73	37
Schrammeck, Ellen J.	616.15	46
Schrammeck, Richard W.	100.00	15
Schrammeck, Steven M. (surv. Paul Schrammeck, active)	100.00	13

OCTOBER 1976 - RETIREMENT BENEFITS

Hehn, Erhardt R.	857.32	60
Hokanson, Raymond	947.44	56
Peck, Loretta B.	1,044.87	65
Wischmann, Bonnie Jo	144.81	55

DISABILITIES APPROVED

AMOUNT

AGE

Weitz, Frieda T.

356.65

60

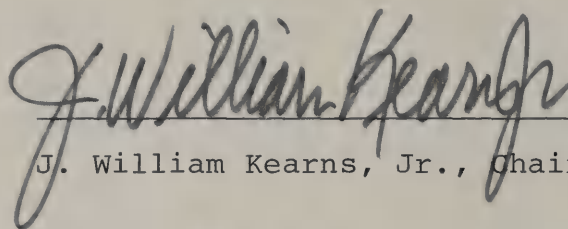
Zirko, Frances B.

281.89

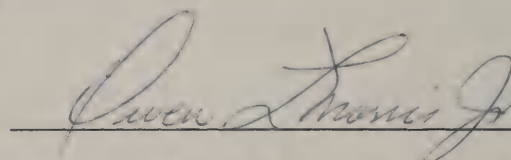
56

The next meeting of the Teachers' Retirement Board was tentatively scheduled for 9:30 a.m., December 17, 1976.

The meeting adjourned at 1:00 p.m. upon a motion by Dr. Simonsen and seconded by Mrs. Colburg.



J. William Kearns, Jr., Chairman



Owen L. Morris, Jr., Executive Secretary

GF

## GREAT FALLS PUBLIC SCHOOLS

## ADMINISTRATION

HAROLD WENAAS, ED D., SUPERINTENDENT  
JOHN U. KRANICK, ASST. SUPT. INSTRUCTION  
KARL W. ERICKSON, ASST. SUPT. BUSINESS  
JACOB A. BLOCK, ADMINISTRATIVE ASST.  
DONALD W. EDWARDS, DIR. PERSONNEL  
JAMES H. CAREY, DIR. VO-TECH.  
DEWEY SWANK, DIR. FED. PGMS.

## BOARD OF TRUSTEES

HOWARD A. GAARE, C.P.A., CHAIRMAN  
JON A. JOURDONNAIS, D.D.S., VICE-CHAIRMAN  
ELMER G. DAVIS, D.V.M.  
ROBERT G. HENRY  
MAME JUNKERMIER  
THOMAS F. O'BRIEN  
JOHN D. STEPHENSON, JR.

May 10, 1976

RECEIVED

OCT 04 1976

TEACHERS' RETIREMENT  
SYSTEM

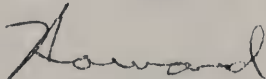
Mr. Karl W. Erickson  
Assistant Supt. for Business  
Great Falls Public Schools  
Great Falls, MT 59405

Dear Karl:

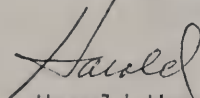
Time flies and summer will soon be upon us, and we know you will be planning your vacation and retirement. As you know, we have not as yet advertised the position of Assistant Superintendent for Business. This time of the year is always difficult for the business office with the new budget, but this year we must also think about the upcoming bond election and a fall census. Our intention is to start a search immediately.

To get this very important position filled by the right person, we are asking if you will stay on for a month or two to help orient the new assistant to the school system. If you would consider this, it would be greatly appreciated.

Sincerely,



Howard A. Gaare, Chairman  
Board of Trustees



Harold Wenaas  
Superintendent

HW:fj



0770228

III

*John Smith*  
[Faint signature]

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Great Falls Public Schools  
Great Falls, Montana

ADDENDUM TO CONTRACT - ASSISTANT SUPERINTENDENT

This addendum made and entered into on the 10th day of May 1976 to amend the contract dated the 10th day of July 1975 by and between School District Number One, Cascade County, Montana and

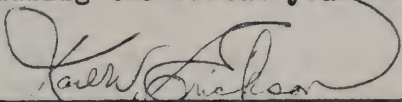
KARL W. ERICKSON

a regularly employed certificated administrator of School District Number One

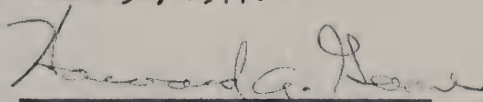
WITNESSETH:

(1) That the said School District agrees to amend the contract dated the 10th day of July 1976 by and between the said School District and the said Karl W. Erickson for the fiscal year beginning July 1, 1975 and continuing thereafter until June 30, 1976 from the sum of TWENTY-SEVEN THOUSAND NINE HUNDRED TWENTY AND NO/100 DOLLARS (\$27,920.00) to the sum of THIRTY-ONE THOUSAND FOUR HUNDRED TEN AND NO/100 DOLLARS (\$31,410.00).

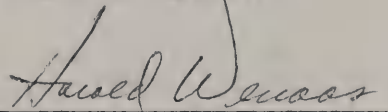
(2) That the said School District agrees to pay the said Karl W. Erickson at an annual contracted rate of TWENTY-SEVEN THOUSAND NINE HUNDRED TWENTY AND NO/100 DOLLARS (\$27,920.00) for services rendered by the said Karl W. Erickson for the said School District on and after the 1st day of July 1976 up to and including the said Karl W. Erickson's last day of employment during the fiscal year July 1, 1976 - June 30, 1977.



Karl W. Erickson, Assistant  
Superintendent of Schools



Howard A. Gaare, Chairman  
Board of Trustees



Dr. Harold Wenaas  
Superintendent of Schools



October 19, 1976

Mr. Karl W. Erickson  
1924 Cherry Drive  
Great Falls, Montana 59404

Dear Karl:

In order to adequately present your case to the Teachers' Retirement Board at it's next meeting scheduled for 9:00 a.m. Friday, October 29, 1976, I would appreciate a letter from you in answer to the following questions.

- 1) Did your original contract for 1975-76 provide for employment from June 1, 1975 through June 30, 1976?
- 2) Was the reason for your anticipated termination date of May 10, 1976 because you had vacation credit that would have carried you from that date through June 30, 1976?
- 3) Did the addendum to your 1975-76 contract dated May 10, 1976 increasing your salary from \$27,920.00 to \$31,410.00, represent compensation in lieu of unused vacation credit as the result of continuing employment at the request of the Superintendent of Schools and the Chairman of the Board of Trustees?
- 4) If you did not have vacation credit that would have allowed your termination May 10, 1976, would your normal termination date have been June 30, 1976 and would your salary have remained at \$27,920.00?



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Karl W. Erickson  
Page 2  
October 19, 1976

You are certainly welcome to attend the board meeting and personally present any additional information you may have.

Sincerely,

Owen L. Morris, Jr.  
Executive Secretary

pp



1924 Cherry Drive  
Great Falls, Montana 59404  
October 23, 1976

Mr. Owen L. Morris, Jr.  
Executive Secretary  
The Teachers Retirement System  
1500 Sixth Avenue  
Helena, Montana 59601

Dear Owen:

The answer to each of the four questions you asked in your letter dated October 19, 1976 is YES and therefore in accordance with the Teacher Retirement System Laws of the State of Montana the Great Falls School District for fiscal year 1975-76

- (1) paid to your office the employer contributions based on my total earnable compensation of \$31,410.00 and
- (2) remitted to your office the employee contributions of \$1,938.98 which were based on and deducted from my total earnable compensation of \$31,410.00.

Thanks again Owen for recommending and being willing to present the facts of my case to your board for a decision. I am being admitted to the Deaconess Hospital here in Great Falls on Tuesday, October 26, so if you have any other questions you can try getting in touch with me by calling 406-761-1200.

Sincerely,



Karl W. Erickson

RECEIVED

OCT 26 1976

TEACHERS' RETIREMENT  
SYSTEM



THE UNIVERSITY OF CHICAGO  
DIVISION OF THE PHYSICAL SCIENCES  
DEPARTMENT OF CHEMISTRY

RECEIVED  
JAN 10 1964  
CHEMISTRY  
UNIVERSITY OF CHICAGO

TO THE DIRECTOR OF THE DIVISION OF THE PHYSICAL SCIENCES  
FROM THE DEPARTMENT OF CHEMISTRY  
RE: [illegible]

[illegible text]

[illegible text]

[illegible signature]

122 77-2211  
[illegible]  
[illegible]

## EXECUTIVE SECRETARY'S REPORT

December 17, 1976

We finally mailed the member account statements to the schools for distribution the week before Thanksgiving. As expected, the telephone has been ringing constantly since then and inquiries by mail will keep us busy for weeks.

Renee Weber, our Records Clerk, left us December First. We have hired Janet Vaneps to fill this position. One of our best girls, Sharon Skaggs, will be leaving January 15, 1977 to move to Billings. We will begin interviewing for this position after the first of the year.

In order to get our accounts current and to complete member account balancing, we have contracted with Mike Holland, our former accountant, to assist us through December. We were able to retain Mike since the cost of our audit left us some uncommitted funds. Our accounting workload has been unusually heavy and Mary Andridge has been working many extra hours just on day to day duties. Mike's assistance should help to relieve some of the pressure.

The first week in December Bob and I spent a day in Bozeman talking to teachers at the junior and senior high schools.



# MINUTES

## TEACHERS' RETIREMENT BOARD

December 17, 1976

The meeting was called to order at 9:30 a.m. by the Chairman with the following present.

J. William Kearns, Jr., Chairman  
 James E. Burke  
 James N. Dennehy  
 Georgia Rice, Superintendent of Public Instruction-elect  
 Lorence B. Simonsen  
 Owen L. Morris, Jr., Executive Secretary  
 F. Robert Johnson, Assistant Executive Secretary

The minutes of the meeting held October 29, 1976 were approved upon a motion by Mr. Burke and seconded by Mr. Dennehy.

The board next reviewed the Executive Secretary's report which was ordered placed on file by the Chairman.

The financial reports, investment reports and mortgage delinquency reports were reviewed by the board, and after thorough consideration they were ordered placed on file for future reference.

At this point Mrs. Rice asked to be excused from the meeting and said that she was happy to meet the board members and was looking forward to serving on the board. She invited everyone to visit her office at any time and offered any assistance her office might provide. She also informed the board that Mrs. Colburg was "fogged-in" in Spokane and would be unable to attend the meeting.

Mr. Karl Erickson from Great Falls was admitted to the meeting for the purpose of presenting information concerning additional salary paid for the 1975-76 school term in lieu of earned vacation. The board questioned Mr. Erickson at length regarding an "Addendum to Contract" and other documents which are part of the minutes of the meeting on October 29, 1976. At the conclusion of the questions from the board, Mr. Erickson thanked the board for its consideration and the opportunity to meet with the board. The Chairman stated that Mr. Erickson would be informed of any decision the board might make and excused Mr. Erickson.



A lengthy discussion followed after Mr. Erickson left the meeting concerning the meaning of "earnable compensation". Dr. Simonsen moved that the Executive Secretary seek legal advice from Mr. Michael Young, and, if necessary, ask for a legal opinion from the Attorney General whether payment for unused vacation is earnable compensation. The motion was seconded by Mr. Burke and approved by the board.

Next, under old business, the board discussed attendance at the National Conference on Public Employee Retirement Systems, to be held in Portland, Oregon on March 27-31, 1977. It was the consensus of the board that the system should have representation at the conference. Authorization for attendance was tabled until a later date.

The next item considered by the board was legislation. The Executive Secretary presented the changes suggested by Internal Revenue which would be required to obtain a favorable determination of qualified tax status. The Executive Secretary further suggested that it would be desirable to change the amount an individual could earn after retirement for substitute or part-time teaching and also to provide for payments of \$100.00 per month to the minor children of any deceased member, rather than just to minor children of an active member.

After lengthy discussion of the changes suggested by Internal Revenue Service and the other suggested changes, the Executive Secretary was instructed to prepare a draft of the desired legislation to be presented to the board for its approval before the legislation is introduced.

A discussion followed concerning possible legislation that might be introduced. The Executive Secretary reported that he had been informed by Mr. A. G. Erickson, of the Montana Retired Teachers' Association, that that organization would be asking for legislation that would provide for an increase in benefits for those retired prior to July 1, 1971, and to provide for a retired member on the Teachers' Retirement Board.

The board, at the request of the Executive Secretary, ratified the lease with the Architecture and Engineering Division of the Department of Administration for their occupancy of the basement floor of the Teachers' Retirement building. The lease was ordered placed on file for future reference.

The Executive Secretary requested authorization to contract for the services of Michael Holland, CPA, to assist with the member account balancing. Mr. Burke moved that the Executive Secretary be authorized to contract with Mr. Holland for his services at \$12.50 per hour up to 150 hours. The motion was approved by the board.

Applications for retirement, survivor and disability benefits were next considered by the board. After thorough review the following applications for retirement, survivor and disability benefits were approved upon a motion by Mr. Dennehy and seconded by Mr. Burke.

NOVEMBER 1976 - RETIREMENT BENEFITS

Toman, Emma F.	357.42	52
Bangs, Norma L.	74.94	55
Sande, Hazel J.	205.38	60
Owens, Daryl Ruth	265.01	60
Morton, Helen M.	87.69	61
Forssen, John A.	232.57	59

NOVEMBER 1976 - SURVIVOR BENEFITS

Mayer, Helen	375.04	61
Butler, Lois	125.67	39

DECEMBER 1976 - RETIREMENT BENEFITS

Bartle, Wilbur H.	866.84	57
Du Beau, Hazel	376.98	64
Fox, Helen A.	65.75	71

DECEMBER 1976 - SURVIVOR BENEFITS

Powers, Ruth	99.01	53
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DISABILITY RETIREMENT BENEFITS

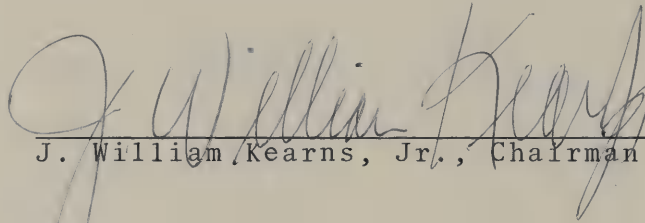
Bender, Larry	320.04	40
Harnesberger, Billie D.		57

Chairman Kearns then stated that he, the Executive Secretary and the Assistant Executive Secretary had attended a farewell party for Mrs. Colburg and that he had presented her with a plaque from the board and staff of the Teachers' Retirement System in appreciation for her eight years of service on the board.

Resolution number 68 was adopted by the board upon a motion by Mr. Burke and seconded by Dr. Simonsen.

The next meeting was scheduled for January, 1977, subject to the call of the chair.

The meeting was adjourned at 12:30 p.m. upon a motion by Mr. Dennehy and seconded by Mr. Burke.



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J. William Kearns, Jr., Chairman



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Owen L. Morris, Jr., Executive Secretary

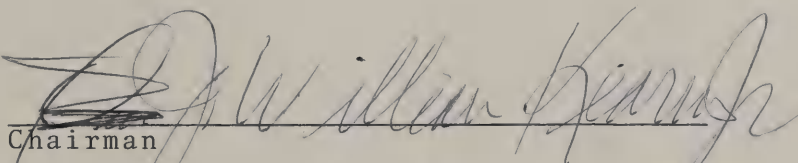
RESOLUTION NO. 68

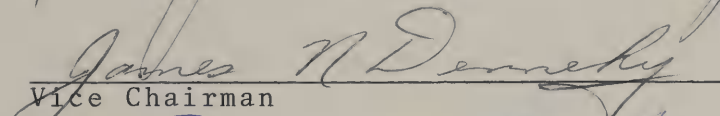
WHEREAS, the Honorable Dolores Colburg has served as a member of the Teachers' Retirement Board from January, 1969 through December, 1976, and

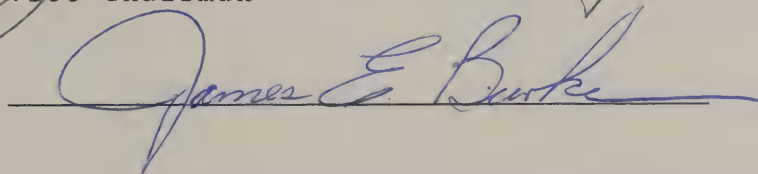
WHEREAS, it is the sincere and considered opinion and judgement of the members of the Teachers' Retirement Board and its administrative staff, who have served with her during her years of membership, and the many members of the Teachers' Retirement System, that she has served this office with ability, integrity and understanding, and

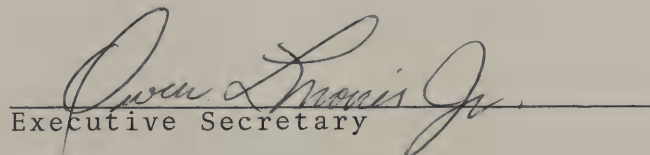
WHEREAS, she has contributed generously of her valuable time, experience and counsel in the equitable administration of the Teachers' Retirement System, now, therefore,

BE IT HEREBY RESOLVED, that her fellow board members, administrative staff and members of the Teachers' Retirement System extend and express their sincere and heartfelt appreciation to Ms. Colburg for her excellent, intelligent and dedicated service during her tenure as a member of the Teachers' Retirement Board of the State of Montana.

  
Chairman

  
Vice Chairman

  
\_\_\_\_\_  
\_\_\_\_\_

  
Executive Secretary

  
Assistant Executive Secretary



















